

SEPTEMBER 11, 2012
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, CA 95827
Mailing Address: P.O. Box 26000, Sacramento, CA 95826
800-321-CSLB (2752)
www.cslb.ca.gov • CheckTheLicenseFirst.com

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

NOTICE OF BOARD MEETING

The Contractors State License Board (CSLB) will hold a Board Meeting on Tuesday September 11, 2012, in the John C. Hall Hearing Room at the CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA 95827, (916) 255-4000.

All times are approximate and subject to change. Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. The meeting may be canceled without notice. For verification of the meeting, call (916) 255-4000 or access the CSLB website at <http://www.cslb.ca.gov>. Action may be taken on any item listed on this agenda, including information-only items. Public comments will be taken on agenda items at the time the item is heard. Total time allocated for public comment may be limited.

The meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Erin Echard at (916) 255-4000 or by sending a written request to CSLB Executive Office, 9821 Business Park Drive, Sacramento, CA 95827. Providing your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodation.

AGENDA

September 11, 2012

1:30 p.m. – 5:00 p.m.

- A. Call to Order – Establishment of Quorum
- B. Chair's Remarks and Board Member Comments
- C. Public Comment Session
- D. Review and Approval of June 5, 2012 and July 25, 2012 Board Meeting Minutes
- E. Enforcement Committee Report
 - 1. Enforcement Program Update
 - 2. Review and Approval of Recommendation regarding Duties Required by Individuals Qualifying an Additional Individual or Firm
 - 3. Review of the 2011 Consumer Satisfaction Survey
- F. Public Affairs Committee Report
 - 1. Public Affairs Program Update

CONTINUED

G. Legislative Update

1. Status of 2012 Legislation

H. Licensing Committee Report

1. Review and Approval of August 28, 2012, Licensing Committee Summary Report
2. Licensing Program Update
3. Testing Division Update
4. Review and Approval of Committee Recommendations Regarding:
 - a. Translation of CSLB Licensing Exams
 - b. Retroactive Fingerprinting of Licensed Contractors
 - c. Continuing Education
5. Review and Approval of Committee Recommendation regarding License Renewal Delinquency Fees

I. Executive Committee Report

1. Administration and Information Technology Update
2. Loss of Resources
3. Budget Update
4. Update on BreEZe

J. Review of Tentative Schedule

K. Adjournment

AGENDA ITEM A

Call to Order Establishment of Quorum

Roll is called by the Board Chair or, in his/her absence, by the Board Vice-Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

BOARD MEMBER ROSTER

DAVID DIAS	LISA MILLER-STRUNK
JOAN HANCOCK	JOHN O'ROURKE
PASTOR HERRERA JR.	BRUCE RUST
MATTHEW KELLY	FRANK SCHETTER
ROBERT LAMB	PAUL SCHIFINO
ED LANG	MARK A. THURMAN
JAMES MILLER	



AGENDA ITEM B

Chair's Remarks and Board Member Comments

Board Chair Paul Schifino will review the scheduled Board actions and make appropriate announcements.

Board members may comment on issues not on the agenda; they may not debate or vote on issues not included on the agenda notice.



AGENDA ITEM C

Public Comment Session

Members of the public may address the Board at this time on matters that are not on the agenda. However, because such matters are not on the agenda, the Board may not take action at this meeting. The Board Chair will allow public comment during other agenda items at his/her discretion.

BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board shall not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending or criminal administrative action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be instructed to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the Board will address the matter as follows:
 - (a) Where the allegation involves errors of procedure or protocol, the Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board.
 - (b) Where the allegation involves significant staff misconduct, the Board may designate one of its members to review the allegation and to report back to the Board.
- (3) The Board may deny a person the right to address the Board and have the person removed if such person becomes disruptive at the Board meeting.



AGENDA ITEM D

Review and Approval of June 5, 2012 and July 25, 2012 Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING

MEETING MINUTES

June 5, 2012

A. CALL TO ORDER

Board Chair Robert Lamb called the meeting of the Contractors State License Board (CSLB) to order at 8:30 a.m. on Tuesday June 5, 2012, in the Salon A-C Meeting Room of the Newport Beach Marriott Hotel at 900 Newport Center Drive, Newport Beach, CA 92660. A quorum was established.

Board Chair Robert Lamb announced that CSLB would be holding a joint board meeting with the Nevada State Contractors Board.

Board Secretary Joan Hancock led the Board in the Pledge of Allegiance.

Board Members Present

Robert Lamb, Chair
Paul Schifino, Vice Chair
Joan Hancock, Secretary
Robert Brown
David Dias
Mark Thurman

Frank Schetter
John O'Rourke
Ed Lang
James Miller
Lisa Miller-Strunk
Pastor Herrera

Board Members Excused

Bruce Rust
Louise Kirkbride

Matthew Kelly

Nevada Board Members/Staff Present

Kevin Burke
Thomas Alexander
Margi Grein
Walter Bruce Robb
George Lyford

Nathaniel Hodgson
Donald Drake
Jennifer Turner
Dan Hammack
Nancy Mathias

CSLB/DCA Staff Present

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Don Chang, Legal Counsel
David Fogt, Enforcement Chief
Rick Lopes, Public Affairs Chief

Erin Echard, Executive Office
Karen Ollinger, Licensing Chief
Jeneece Hards, Manager
Carlos Marquez, Manager

**Public Visitors**

Eddie Barnes
Jeannie Simpelo
Phil Vermeulen
Richard Markuson
Paul Hopkins

Tony Forchette
Joe Upchurch
Alex Beltram
Rick Pires
Ken Grossbart

B. CHAIR'S REMARKS AND BOARD MEMBER COMMENTS

Board Chair Robert Lamb opened the meeting by welcoming the Nevada State Contractors Board, chaired by Kevin Burke. Mr. Lamb asked if there were any additional comments to be made. There were none. Robert Brown and Louise Kirkbride's terms have ended. Mr. Lamb thanked them for their service and contributions to the CSLB.

C. PUBLIC COMMENT

There was none.

D. REVIEW AND APPROVAL OF APRIL 17-18, 2012 BOARD MEETING MINUTES

Motion to Approve April 17-18, 2012 Board Meeting Minutes

MOTION: A motion was made by Board Member John O'Rourke and seconded by Board Member Robert Brown to approve the April 17-18, 2012 Board Meeting Minutes. The motion carried unanimously, 12-0.

E. DISCUSSION WITH ORANGE COUNTY DA'S OFFICE

Deputy District Attorney James Young spoke about the partnership with CSLB's Enforcement division. Board Chair Robert Lamb presented Mr. Young and Orange County District Attorney Tony Rackauckas (absent) with certificates of appreciation for their many achievements over the past three years.

F. CLOSED SESSION**G. ENFORCEMENT COMMITTEE REPORT**

Enforcement Chief David Fogt provided the Enforcement Committee Report.

1. Enforcement Program Update

Mr. Fogt reported on Enforcement staffing vacancies and general complaint-handling statistics. He also detailed activity in the Intake/Mediation Centers, Investigative Centers, Case Management, and SWIFT. Mr. Fogt also reviewed training projects that were completed in the past year.

2. Partnering with the Nevada State Contractors Board

Mr. Fogt reported on the success of the second annual joint Border Blitz sting operation with the Nevada State Contractors Board in counties bordering each of the state lines.

**3. Presentation by Arbitration Mediation Conciliation Center**

Karen Smith, President of the Arbitration Mediation Conciliation Center, presented 2011 statistics and policy changes that have been implemented.

H. PUBLIC AFFAIRS PROGRAM UPDATE

Public Affairs Committee Chair Joan Hancock mentioned the upcoming NASCLA outreach effort which will include Nevada, Oregon, and Arizona. She then invited Public Affairs Chief Rick Lopes to provide the Public Affairs Committee Report.

1. Public Affairs Program Update

Mr. Lopes gave a staffing update, provided updates on public outreach via Twitter, Facebook and YouTube. He also touched on publications and media relations.

I. LEGISLATIVE COMMITTEE REPORT

Legislative Committee Chair Mark Thurman provided the Legislative Committee Report.

1. Legislative Update

- AB 1655 Public Employees: Rights – now “Opposed”

2. Review and Approval of Recommended Position on SB 1185 (Price) Centralized Intelligence Partnership Act - “Watch”

Motion to Approve the Recommended Position on SB 1185

MOTION: A motion was made by Board Member Mark Thurman and seconded by Board Member Robert Brown to approve the Watch position of SB 1185. The motion carried unanimously, 12-0.

Mr. Thurman advised the Board that Legislative staff would begin collecting and developing a database of contacts.

J. LICENSING COMMITTEE REPORT

Licensing Committee Chair David Dias reported that the committee has not met since the last Board meeting, and requested Licensing Chief Karen Ollinger to provide the Licensing Committee Report.

1. Licensing Program Update

Ms. Ollinger provided updates on the Licensing application workload and processing times. She also reported on the progress on the LLC program and call center email inbox.

**2. Testing Division Update**

Ms. Ollinger provided updates on staff vacancies, the eight testing centers, examination development and wait times, as well as the annual Consumer Satisfaction Survey.

K. EXECUTIVE COMMITTEE REPORT

Chief Deputy Registrar Cindi Christenson presented the Executive Committee Report.

1. Administration and Information Technology Update

Ms. Christenson advised of the need to relocate staff in satellite offices and replace vehicles, and presented a Business Services Unit update. She also briefed the Board on the Information Technology division workload and the data conversion project, BreEZe.

2. Budget Update

Ms. Christenson informed the Board that revenue is climbing, largely due to fee increases.

3. Review and Approval of 2012-2013 Strategic Plan

Motion to Approve the 2012-2013 Strategic Plan

MOTION: A motion was made by Board Member David Dias and seconded by Board Member Mark Thurman to approve the 2012-2013 Strategic Plan. The motion carried unanimously, 12-0.

4. Election of Board Officers

Board Chair Robert Lamb advised that the nomination committee consisted of Board Members James Miller and Matthew Kelly. Mr. Miller provided the recommended slate of officers for consideration by the Board:

- Paul Schifino—Board Chair
- Joan Hancock—Board Vice Chair
- Mark Thurman—Board Secretary

Mr. Lamb asked if there were any nominations from the floor. None were received.

Motion to Approve the Board Officers

MOTION: A motion was made by Board Member Lisa Miller-Strunk and seconded by Board Member David Dias to approve the slate of officers as presented. The motion carried unanimously, 12-0.

Newly elected Board Chair Paul Schifino took a moment to thank Robert Lamb for his leadership during the past year. He also spoke about ways to meet challenges in the coming fiscal year.



L. REVIEW OF TENTATIVE SCHEDULE

Registrar Steve Sands advised the Board of the proposed meeting schedule for the new fiscal year, which is included in the Board packet. The next meeting will be in early September in Sacramento.

M. DISCUSSION WITH THE NEVADA STATE CONTRACTORS BOARD

Nevada Public Information Officer Jennifer Turner started with a PowerPoint™ presentation on targeting Elder Abuse and Natural Disasters.

1. Administration –Strategic Plans and Committee Meetings
2. Public Affairs – Reshaping; Educational Forums; Partnering
3. Enforcement – Unlicensed Contracting and Residential Recovery Fund

N. ADJOURNMENT

Robert Lamb adjourned the Board meeting at 12:47 p.m.

Paul Schifino, Chair

Date

Stephen Sands, Registrar

Date



CONTRACTORS STATE LICENSE BOARD

SPECIAL BOARD MEETING

MEETING MINUTES

July 25, 2012

A. CALL TO ORDER

Board Chair Paul Schifino called the special meeting of the Contractors State License Board (CSLB) to order at 11:32 a.m. on Wednesday, July 25, 2012, in the Executive Conference Room of the Contractors State License Board, 9821 Business Park Drive, Sacramento, CA 95827. Board Members appeared via teleconference from the following additional locations:

- 39707 Big Bear Blvd., Big Bear Lake, CA 92315
- 2610 Crow Canyon Rd. Suite 150, San Ramon, CA 94583
- 715 Seven Ponds Towd Rd., Southampton, NY 11968
- 837 West 17th St., Costa Mesa, CA 92627
- 10031 Valley View St., Cypress, CA 90630
- 25391 Commercentre Dr. Suite 115, Lake Forest, CA 92630
- 18111 Nordhoff St., Northridge, CA 91330
- 5431 E. Hedges Ave., Fresno, CA 93727

A quorum was established.

Board Members Present

Paul Schifino, Chair
Joan Hancock, Vice Chair
Mark Thurman, Secretary
Pastor Herrera Jr.
Matthew Kelly
Bruce Rust

Lisa Miller-Strunk
David Dias
Ed Lang
James Miller
Robert Lamb

Board Members Excused

Frank Schetter

John O'Rourke

Staff Present

Stephen Sands, Registrar of Contractors
Cindi Christenson, Chief Deputy Registrar
Jill Talley, Supervising Deputy Attorney General
Jeffrey Javinar, Deputy Attorney General

Erin Echard, Executive Assistant
Simone Renteria, Legal Counsel



Legal Counsel Simone Renteria explained the requirements for holding a special meeting: there must be a hardship that prevents CSLB from meeting its usual 10-day notice requirement, and the Board must have a two-thirds vote for approval.

Motion to Approve a Special Board Meeting

MOTION: A motion was made by Vice Chair Joan Hancock and seconded by Board Member Lisa Miller-Strunk to approve the Special Board Meeting. The motion carried unanimously, 11-0.

B. PUBLIC COMMENT

There was none.

C. CLOSED SESSION

D. ADJOURNMENT

Board Chair Paul Schifino adjourned the Board meeting at 11:48 a.m.

Paul Schifino, Chair

Date

Stephen Sands, Registrar

Date

AGENDA ITEM E

Enforcement Committee Report



AGENDA ITEM E-1

Enforcement Program Update





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

VACANCY UPDATE

Presently, there are 13 vacant positions in the Enforcement division. Staff has been proactive with respect to advertising and hiring for all vacant positions.

Enforcement vacancies as of September 1, 2012:

UNIT	CLASSIFICATION	# OF VACANCIES	CURRENT STATUS
Sacramento IMC	Consumer Service Representative	1	Currently Advertised
Sacramento IC – North	Enforcement Representative II	1	Pending DCA Approval
Sacramento IC – South	Enforcement Representative I	1	Currently Advertised
Valencia IC	Enforcement Representative – Peace Officer	1	Interviews Scheduled
San Diego IC	Enforcement Supervisor I	1	Pending DCA Approval
San Francisco IC	Enforcement Representative	1	Pending Background Check
Norwalk IC	Enforcement Representative – Peace Officer	1	Pending Background Check
Valencia IC	Office Technician	1	Pending DCA Approval
Northern SWIFT	Enforcement Representative I – Peace Officer	1	Pending Background Check
Southern SWIFT	Enforcement Supervisor I	1	Currently Advertised
Southern SWIFT	Enforcement Representative II – Peace Officer	1	Pending Background Check
Sacramento Case Management	Enforcement Representative II	1	Currently Advertised
Norwalk Case Management	Enforcement Supervisor I	1	Currently Advertised



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

Peace Officer Appointments

The following investigators successfully completed the Peace Officer background requirements and have been sworn in as CSLB's newest Peace Officers:

- Manya Edwards, Sacramento – South Investigative Center
- Vicki Coore, San Diego Investigative Center
- Bernard Lim, West Covina Investigative Center
- Jim Anderson, San Bernardino Investigative Center

Recruitment is currently underway to fill the remaining five vacant peace officer positions.

Enforcement Management Update

Effective August 1, 2012, Jessie Flores was selected as the Case Management Enforcement Supervisor II. Recruitment to fill the Case Management supervisory vacancy is currently underway.

Enforcement Supervisor I Vicki Coore was sworn in as the San Diego IC Peace Officer. Interviews have been conducted to fill the Enforcement Supervisor I vacancy and are currently waiting for DCA approval to offer the selected applicant a start date.

The Southern SWIFT Enforcement Supervisor I currently is being advertised. To increase the candidate pool, verbiage was added to the advertisement that encourages Staff Services Managers I facing surplus reduction to apply.

Reduction in Workforce

Due to DCA's salary savings plan to reduce personnel by 5%, Enforcement lost the following ten positions, effective July 1, 2012:

- Sacramento Intake and Mediation, Consumer Services Representative
- Fresno IC, Enforcement Supervisor I
- Fresno IC, Enforcement Representative – Peace Officer
- San Diego IC, Enforcement Representative II
- San Francisco IC, Enforcement Representative – Peace Officer
- San Bernardino IC, Enforcement Representative I
- West Covina IC, Enforcement Representative I
- Southern SWIFT, Enforcement Representative I
- Southern SWIFT, Office Technician
- Sacramento Case Management, Office Technician
- Norwalk Case Management, Office Technician



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

INTAKE / MEDIATION CENTERS (IMC)

CONSUMER RESTITUTION
May- July 2012

• \$ 2,129,903.58

Contractor uses Neighbor's Yard as Dumping Ground

A construction cleanup contractor began using his neighbor's land as an illegal dumping ground without prior approval. Once the property owner became aware of the situation, she sought assistance from various Fresno County authorities, including the Fire Department, Code Enforcement, Supervisor Phil Larsen, and ABC 30 Action News. However, the illegal dumping continued, so the neighbor filed a complaint with CSLB.

The assigned Consumer Services Representative (CSR) reviewed satellite photographs of the trespassed property, which revealed a substantial amount of debris. At the CSR's recommendation, the contractor removed all debris, resulting in a settled case and a satisfied consumer.

Contractor's Refusal to Pay Water Cost Leads to Bigger Permit Issue

What began as a minor disagreement between a homeowner and a pool contractor turned into a financial headache for the contractor. The homeowner had his pool re-plastered and wanted to be reimbursed \$100 for the contractor having overfilled the pool with water.

During mediation, the CSR determined that a permit was required for the work performed but had not been obtained. Upon notification of the permit requirement, the contractor immediately obtained a building permit only to learn that the pool needed to be drained for inspection. After the inspection, the contractor was informed that the Virginia Graeme Baker Law requires installation of a new drain system upon pool re-plastering. The CSR informed the contractor that permit compliance was his responsibility, and that he would need to install the safety drain system. To settle the complaint, the contractor performed the necessary work and paid the homeowner restitution to cover the additional water cost.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

Workers' Compensation Suspension Program Results in New Policies

Beginning April 2011, the Intake and Mediation Center (IMC) began notifying Licensing staff when a complaint was received against a licensee who acknowledged employing workers without having a workers' compensation (WC) insurance policy. Business and Professions (B&P) Code §7125.2 provides CSLB authority to automatically suspend a license under operation of law when a licensee fails to secure WC for employees.

The contractor is informed that he/she must submit proof that a valid workers' compensation policy has been obtained within 30 days or the license will be suspended without further notice. The contractor can file a second exemption but is instructed that doing so will subject the exemption to verification by CSLB and partnering agencies such as the Employment Development Department and Division of Labor Standards Enforcement. The IMC has mailed "Intent to Suspend" letters to 547 contractors, resulting in 179 new WC policies from previously uninsured contractors.

Illegal Advertising and the Telephone Disconnect Program

Unlicensed operators routinely advertise for construction despite the fact that they do not have a valid contractor license. Since January 2011, more than 1,000 unlicensed contractors who advertised have been investigated by CSLB. Most were issued warning letters and were targeted for undercover sting operations. Whenever possible, unlicensed contractors' advertised telephone numbers are disconnected.

Prior to being targeted for an undercover sting operation, each illegal advertisement is screened by IMC staff. Screening is an effort to obtain information on the advertiser through the Consolidated Lead Evaluation and Reporting (CLEAR) database. If the advertiser is identified and linked to the telephone number in the ad, an administrative citation is issued. The citation includes a correction order to disconnect any telephone number linked to the unlicensed contractor.

CSLB staff met with the California Public Utilities Commission (CPUC), which regulates the state's telecommunications industry and has the authority to disconnect telephone numbers used for unlawful purposes. A telephone disconnect requires that an administrative citation (that has become a final order) be sent to the CPUC. Between January 2011 and July 2012, IMC staff has issued nearly 100 advertising citations, resulting in 68 telephone numbers being disconnected.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

INVESTIGATIVE CENTERS (ICs)

CONSUMER RESTITUTION

May- July 2012

• \$848,815.52

Fresno SWIFT Consolidates with Fresno Investigative Center

Fresno SWIFT staff moved from the East Shields location on August 2, 2012, to consolidate with Fresno Investigative Center (IC) staff at the East Alluvial office. After retirement of former Enforcement Supervisor I (ES I) Earl Walls, the ES I position assigned to the Fresno IC was identified as one of the positions to be eliminated as part of the Governor's position reduction Executive Order, leaving staff without onsite supervision. With only two Enforcement Representatives (ERs) and one Office Technician left in the Fresno IC, a decision was made to combine the two units at the East Alluvial location, which can easily accommodate both units. ES I Shelly Glover will supervise all staff at the East Alluvial location as well as Central SWIFT staff located in satellite offices.

Unlicensed Contractor No Show at Restitution Hearing, Results in Arrest Warrant

A homeowner entered into a contract with Richard Kutbach, dba Rock of Ages, to build a pool, spa, and deck for \$46,000. Unfortunately, Kutbach failed to pay subcontractors, resulting in the homeowner paying over \$10,000 directly to suppliers to avoid mechanics liens. When the homeowner contacted Rock of Ages to complain about failing to pay subcontractors or perform all of the contracted work, he was advised by "the owner" that Richard Kutbach was an employee and contracted the project without permission. A financial injury to pay subcontractors and complete the project in the amount of \$10,005 was established.

On June 11th, 2012, Kutbach pled guilty to one count of contracting without a license. He was ordered to pay a fine of \$5,000 and \$225 in fees. He also was ordered to serve 40 days in jail but was released on conditional revocable release for 36 months. A restitution hearing was held on July 30, 2012, and defendant Richard Kutbach failed to appear in court. As a result, probation was revoked and a \$5,000 arrest warrant was issued.

Homeowner Receives \$25,000 due to Investigator's Mediation of Complaint

A West Covina IC investigator settled a complaint between a homeowner and licensee, involving a \$230,000 contract for a room addition and remodel in the City of La Crescenta. After paying \$215,000, many delays, and some minor workmanship issues, the homeowner lost faith in the contractor. When interviewed, the contractor stated that the homeowner wanted changes and upgrades but refused to pay for them. The homeowner said that he would like to settle the complaint by having the contractor stop working and leave the project "as is" with the caveat that the contractor walk away, agree not to file any liens or civil suits, and return \$50,000 to enable the him to complete the project.



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ENFORCEMENT PROGRAM UPDATE

The investigator was able to help bridge the financial disparity and assisted the two parties in negotiating a \$25,000 settlement to end the dispute. After ensuring that the funds were successfully transferred to the complainant, the investigator closed her complaint as settled, with a savings to the public of \$25,000.

Couple Plead Guilty to Contractor Fraud

A Monterey couple who operated a home improvement, painting, and window installation business plead guilty to criminal charges, including working without contractor licenses, on August 3, 2012. Daniel Furness plead guilty to six felony charges and three misdemeanors, while his wife, Colleen Gsell, plead guilty to nine misdemeanor charges.

Between 2002 and 2011, Furness and Gsell operated Window Design and Fresh Paint, furnishing and installing windows and doors, painting houses, and advertising for home improvement work. Furness and Gsell used contractor license numbers issued to other people and charged their customers excessive down payments.

The couple also understated the number of employees and the amount of payroll of their corporation in order to avoid disability and unemployment insurance, and taxes that employers are required to pay for workers. The two conspired to file false corporate and personal income tax returns, did not report their cash income and credit card payments, and deducted payments from workers who were not provided W-2 or 1099 tax forms.

Furness and Gsell also conspired to aid and abet two workers in filing false personal income tax returns. Rather than paying them raises, the workers were issued false Forms 1099-MISC for less than the amounts they were paid, resulting in false personal income tax returns for the workers. Furness faces more than 11 years in prison, while Gsell faces nine years.

ServiceMaster Professional Services Principals Agree to Revocation in Criminal Plea Deal

In March 2011, California Department of Insurance (CDI) Fraud Division staff contacted investigators at the San Bernardino IC, seeking assistance in executing search warrants at five ServiceMaster business locations in Orange and Riverside Counties. SCMS Inc., dba ServiceMaster Professional Services (ServiceMaster), is a licensed restoration, clean-up and construction business. CSLB investigators from San Bernardino IC and Southern SWIFT joined with partners from the CDI Fraud Division in the execution of the search warrant on April 13, 2011.

On April 14, 2011, three principals of the ServiceMaster franchise were arrested on multiple felony counts including conspiracy, forgery, 34 counts of grand theft of personal property, and five counts of workers' compensation insurance fraud in a scheme to defraud mortgage and insurance companies. The arrests came after a lengthy investigation by CDI's Fraud Division. It is estimated that the ring perpetrated over \$10,000,000 in forgeries and over \$100,000 in insurance fraud.

At the completion of their investigation, CDI investigators submitted their criminal case to the San Bernardino District Attorney's office. When news of the arrest of ServiceMaster's principals made the local newspapers, the San Bernardino D.A.'s office received calls from several consumers who were potentially victimized by ServiceMaster. The D.A.'s office asked CSLB investigators to



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ENFORCEMENT PROGRAM UPDATE

research approximately 20 consumer complaints to determine financial injuries so the prosecutor could ask the judge to allow seizure of further assets from ServiceMaster (for victim restitution).

Upon completion of their investigations, CSLB investigators found sufficient evidence to refer three consumer complaints to administrative legal action with a recommendation to revoke the license. Companion cases were referred to the San Bernardino County prosecutor's office for criminal charge filings, including grand theft and diversion of construction funds.

One consumer complaint involves a homeowner in Mira Loma, whose home suffered fire damage in 2010. The homeowner contracted with ServiceMaster through his homeowner's insurance carrier for \$216,380 to rebuild his house. ServiceMaster cashed insurance checks in excess of \$180,000, further victimizing the homeowner by abandoning the restoration of the home without performing any work on the project.

The preliminary hearing for CDI's case was held on June 22, 2011, in San Bernardino. Deputy Attorney General (DAG) Desiree Tulleners was present representing CSLB for the motion requesting the Superior Court suspend the license. The judge assigned to the case did not grant the motion to suspend, as he did not believe ServiceMaster was given sufficient time to respond to the petition. The judge sanctioned ServiceMaster by requiring a written disclosure be provided to all potential new customers stating that the company was under criminal indictment. DAG Tulleners was directed by the judge to draft a disclosure notice, along with the defense counsel, that ServiceMaster was required to present to prospective customers.

Through proactive follow-up investigation, CSLB investigators were able to demonstrate that ServiceMaster violated their court order release by operating with a suspended license. With the assistance of the Attorney General's Office, DAG Desiree Tulleners was able to successfully argue the motion to suspend the ServiceMaster contractor license, and the order was granted.

On July 20, 2012, ServiceMaster, facing overwhelming criminal allegations, agreed to a plea deal with the San Bernardino County District Attorney's office. ServiceMaster agreed to plead guilty to violating Insurance Code 11880 (a), fraud to obtain insurance at a reduced rate (SCIF), and Insurance Code 11760 (a), fraud in obtaining WC insurance at a low rate (than other carriers).

With funds that were previously seized by county prosecutors, ServiceMaster agreed to a penal fine of \$10,000. The company further agreed to pay \$60,000 in restitution to State Compensation Insurance Fund, and \$20,000 in restitution to charity (AIG). ServiceMaster also agreed to reimburse CDI's investigative expenses in the amount of \$13,857.28.

In addition, DAG Tulleners successfully negotiated the revocation of ServiceMaster's license (#702639) as part of the plea deal. ServiceMaster agreed to the license revocation, thus avoiding the administrative legal hearing process for the pending accusation.



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ENFORCEMENT PROGRAM UPDATE

PUBLIC WORKS UPDATE

In June 2010, Board members unanimously approved establishing a pilot Public Works Investigative Unit. When the Public Works Unit commenced in August 2010 with two enforcement representatives, it was anticipated that the focus would be on contractors that 1) have been disbarred by the Labor Commissioner, 2) contractors working without a license or out of their classification, and 3) contractors who illegally subcontract pursuant to the Public Contract Code (PCC).

Since January 2011, the Public Works Unit has initiated 142 public works complaints, resulting in 31 administrative citations, 19 accusations, two criminal filings, and revocation of nine contractor licenses. However, the types of complaints being investigated by the Public Works Unit are not what were anticipated. CSLB is unable to allege a Labor Code violation unless there is a final order of the Labor Commissioner for a Civil Wage and Penalty Assessment (CWPA) and/or a debarment. However, often prime contractors have been willing to pay a subcontractor's employees any unpaid wages to avoid a CWPA. Public Works investigators have advised DLSE and LCP staff that if they are aware of a financially harmed prime due to unpaid prevailing wages, and if a complaint is filed, CSLB may be able to support a Labor Code violation despite lack of a formal finding by the Labor Commissioner.

One such case is currently pending against H & M Electrical Inc. (H&M), case #N2011-107. H&M failed to pay employees approximately \$61,000 in prevailing wages, deviated from the plans and specifications by installing aluminum wire instead of copper wire but placed approximately 8 feet of copper wire on either end to make it look as though copper wire was installed, and then abandoned the project. The complaint was referred for accusation, alleging violations that include Labor Code (B&P 7110/LC 1776) abandonment, poor workmanship (B&P 7109), and willful or fraudulent act (B&P 7116). An appeal was filed, and the matter will be heard by an Administrative Law Judge.

The Northern California Electrical Construction Industry (NCECI) filed two complaints against licensees that worked on public works projects, and both resulted in formal disciplinary actions. The first complaint was against Frederick Brodish dba Costless Electrical. Randy Edmonson with NCECI filed a complaint, alleging that Costless Electrical performed electrical work for the Kings County Department of Education and failed to maintain workers' compensation (WC) insurance for employees (B&P 7125.4). The certified payroll reports supported that Costless Electrical did have an employee and did not have WC as well as worked while the license was suspended (B&P 7117.5(b)), resulting in a citation for the two violations. The citation became a final order on March 23, 2012, and will be disclosed for five years from date of compliance, which will be June 11, 2017.

The second complaint was filed against Yoel Hanegbi dba Eshone Inc. George Corona referred a complaint, alleging that Eshone, a listed subcontractor on a project for the Union Sanitary District, was working with a suspended license. Inspector Daily Logs and CPRs supported that Eshone was in fact working while the license was under bond suspension, and a companion complaint had been filed by a subcontractor that was not paid approximately \$11,000 on a different public works



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project for the City of Palo Alto. Hanegbi, who had been paid in full on the Palo Alto project, had entered into a payment agreement to pay the sub but ceased making payments, blaming his financial problems on the economic downturn. However, Hanegbi did post a \$12,500 cash deposit to lift the suspension when he was unable to obtain a new bond. After being contacted by the CSLB investigator, he emailed a copy of a cashier's check but failed to send the check to the unpaid subcontractor. Despite the relatively low financial injury, the complaints were referred for an accusation to revoke the license due to Hanegbi's cavalier attitude about paying his debts and attempted deception with the copy of the cashier's check. Hanegbi appealed the accusation and asked for an administrative hearing. After hearing the facts, the Administrative Law Judge recommended full revocation of the license, and stated, in part, the following:

... Hanegbi seemed to take little responsibility for the actions that resulted in the disciplinary action imposed above, instead seeking to blame others. Considering that attitude, it is determined that allowing respondent to retain its license, even upon probationary terms, would be against the public interest. Protection of the public calls for revocation of the license. . .

Accordingly, the license was revoked on February 28, 2012.

However, two complaints filed by NCECI against public works contractors were recently closed for no violation. Both complaints alleged that the electrical contractors failed to use certified electricians. Labor Code Section 3099 requires that C-10 Electrical contractors use certified electricians. In both instances, however, the contractors had the C-10 classification removed from the license, but maintained "A" and "B" classifications, allowing the licenses to perform electrical work, but precluded them from having to use certified electricians.

Orange County District Attorney Prosecutes Fraudulent Public Works Contractor

Caltrans filed complaints against Reza Mohammadi dba Southland Construction for Labor Code violations that include 1774, Failure to Pay Prevailing Wages, 1773.1, Failure to Pay with Benefit Payments, including Per Diem Wages, 1777.5, Failure to Comply with Statutes Regarding Employment of Apprentices, and 1815, Failure to Pay Compensation in Excess of Hour Limitations. Caltrans and Mohammadi entered into a stipulated agreement, whereby Mohammadi paid employees and agreed to not bid or work on Caltrans projects until January 1, 2018. However, the Orange County District Attorney (OCDA) filed criminal charges against Mohammadi, including 15 felony counts of failing to file a return with the intent to evade tax, 15 felony counts of willful failure to pay tax, seven felony counts of taking and receiving a portion of a worker's wage on public work, six felony counts of recording false and forged instruments, and three felony counts of filing false tax returns. The Orange County Grand Jury indicted Mohammadi on April 26, 2012, and he was arraigned on May 23, 2012. Mohammadi faces sentencing enhancement allegations for loss exceeding \$100,000 and property damage over \$200,000 and a prior strike conviction for criminal threats in 1999. If convicted on all counts, he faces a maximum sentence of 48 years in state prison. CSLB has referred three cases to the Attorney General's office for an accusation of violations that include conviction of a substantially related crime and Labor Code violations. The criminal matter is pending; the next hearing was scheduled for August 24, 2012.



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GENERAL COMPLAINT-HANDLING STATISTICS

It has been determined that a manageable level of pending complaints for all current CSLB staff is **4,700**. As of July 2012, the pending caseload was **3,184**.

In July 2012, monthly closure goals were decreased to nine (9) due to the implementation of the 2012 Personal Leave Program.

The following chart outlines how CSLB determines manageable caseloads:

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Preferred Caseload per ER	Current Average Caseload per ER	Actual Open Cases	Maximum Number of Cases per Classification
ER I (ICs)	45	9	4	35	33	1489	1,575
ERI (Apps)	3	20	3	60	35	106	180
ER II (ICs)	19	5	4	20	24	461	380
SWIFT	28	13	1	15	11	317	420
CSR	32	30	2	60	35	1132	1920
TOTAL						3,184	4475

In February 2006, the Board adopted the following Enforcement Objectives regarding complaint-handling:

- **MAINTAIN ER 1 PRODUCTION OF CLOSING 10 COMPLAINTS PER MONTH**

Pursuant to the implementation of the 2012 Personal Leave Program, the Board decreased the average number of complaints closed per ER to nine (9) closures per month. In July 2012, ERs closed an average of 9.55 complaints.

- **INCREASE THE PERCENTAGE OF LICENSEE COMPLAINTS SETTLED TO 30%**

Licensee complaints settled in July 2012 averaged 38%.

- **ACCOMPLISH IMC LICENSEE COMPLAINT DISCLOSURE OF 70%**

Average licensee disposition in July 2012 was 69%.

- **REDUCE 270-DAY-OLD COMPLAINTS TO 100 OR LESS**

Staff's effective management of pending complaints has resulted in consistently maintaining the Board's goal. At the end of July 2012, there were only 91 aged cases.



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CASE MANAGEMENT

CALENDAR YEAR (MAY – JULY 2012)

CITATIONS ISSUED		
	Licensee	Non-Licensee
Citations Issued	305	204
Citations Appealed	114	85
Citation Compliance	144	132
MANDATORY SETTLEMENT CONFERENCES		
Scheduled	76	
Settled	32	
Civil Penalties Collected	\$170,396	
Total Savings to the Public	\$294,199	
ARBITRATION		
Arbitration Cases Initiated	154	
Arbitration Decisions Received	115	
Licenses Revoked for Non-Compliance	20	
Arbitration Savings to the Public – Restitution	\$594,097	
ACCUSATIONS / STATEMENT OF ISSUES		
Revocations by Accusation (Applicants Revoked)	103	
Restitution for Accusations	\$3,332.00	
Statement of Issues (Applicants Denied)	8	
Cost Recovery Received	\$48,379.87	
Number of Cases Opened	109	
Number of Accusations/Statement of Issues Filed	101	
Number of Proposed Decisions Received	17	
Number of Stipulations Received	24	
Number of Defaults Received	59	
Number of Decisions Mailed	95	

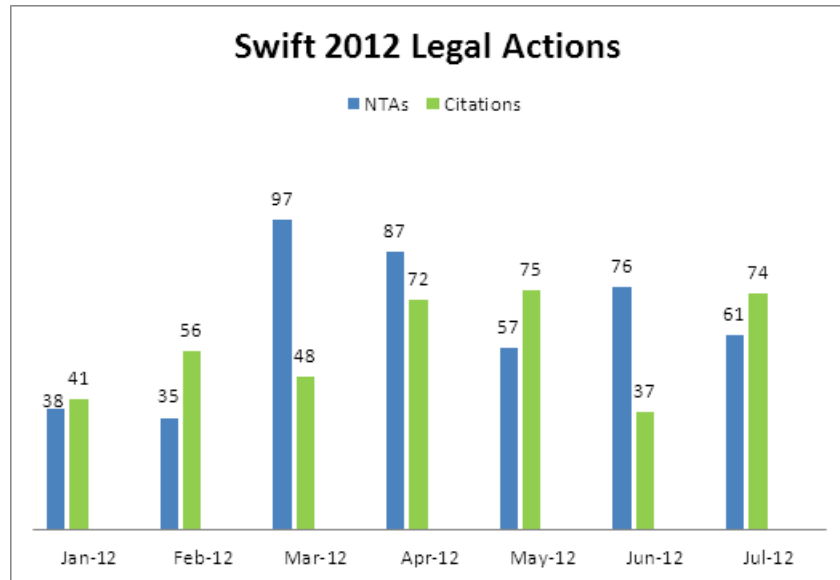


CONTRACTORS STATE LICENSE BOARD

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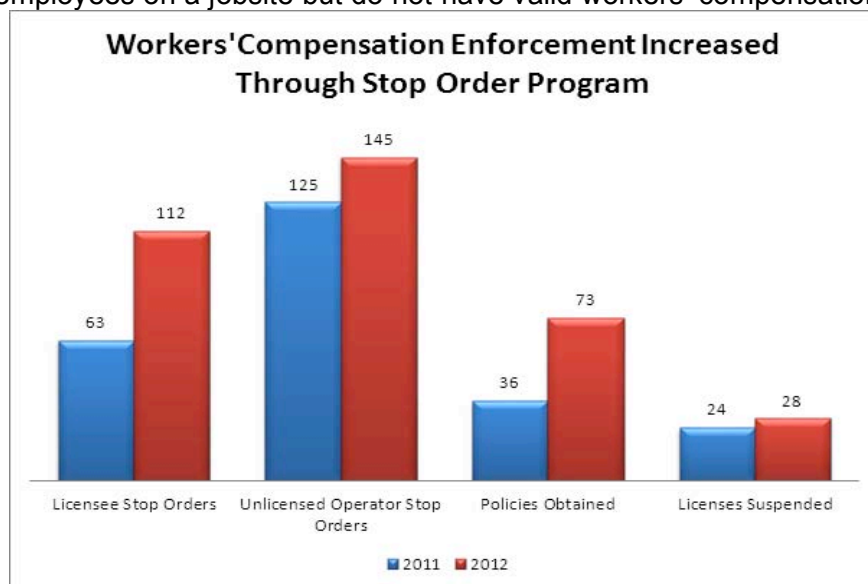
STATEWIDE INVESTIGATIVE FRAUD TEAM

From January to July 2012, the Statewide Investigative Fraud Team (SWIFT) has performed 54 sting days. As a result, SWIFT has issued a total of 846 legal actions, including Notices to Appear (NTAs) and citations.



Stop Orders

Staff continues to be proactive in enforcing workers' compensation insurance laws. Since January 1, 2012, ERs have issued 257 Stop Orders to licensed contractors and unlicensed operators who are found with employees on a jobsite but do not have valid workers' compensation insurance.





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Labor Enforcement Task Force Update

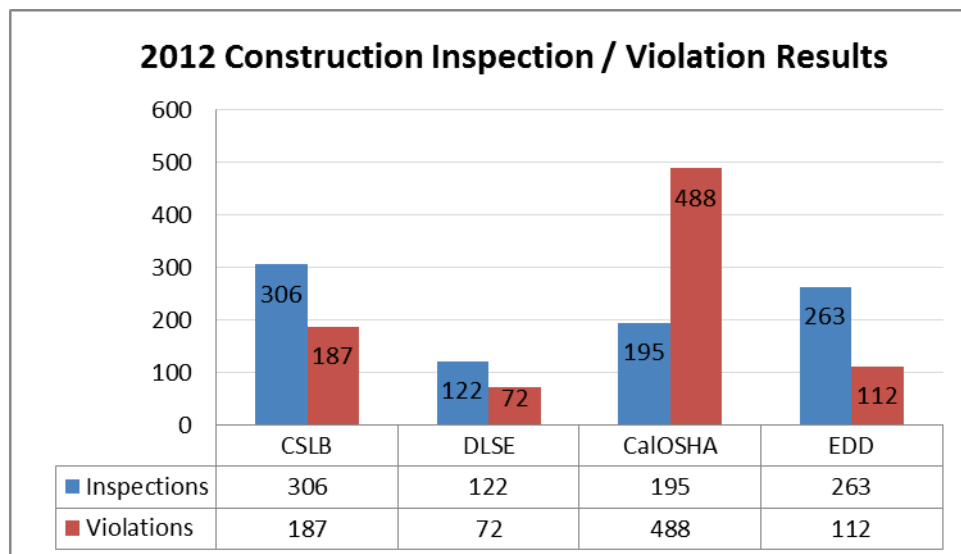
The Labor Enforcement Task Force (LETF) has been successful in achieving close collaboration between CSLB and other government agencies improving enforcement efforts, targeting non-compliant employers for a more efficient use of the state's resources.

Prior to conducting sweeps, staff identify potential offenders' active jobsites, and research workers' compensation history, payroll tax history, and license status to ensure efficient sweep operations.

CSLB's core partners in LETF include:

- Division of Labor Standards Enforcement (DLSE)
- Division of Occupational Safety and Health (DOSH)
- Employment Development Department (EDD)

First and second quarter 2012 results showed 187 violations found by CSLB. Core violations consisted of unlicensed contracting, failure to have proper workers' compensation insurance and improper advertising. The total citation penalties assessed by CSLB were \$110,150. The following chart depicts construction inspections performed and violations found for the first and second quarter of 2012:





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

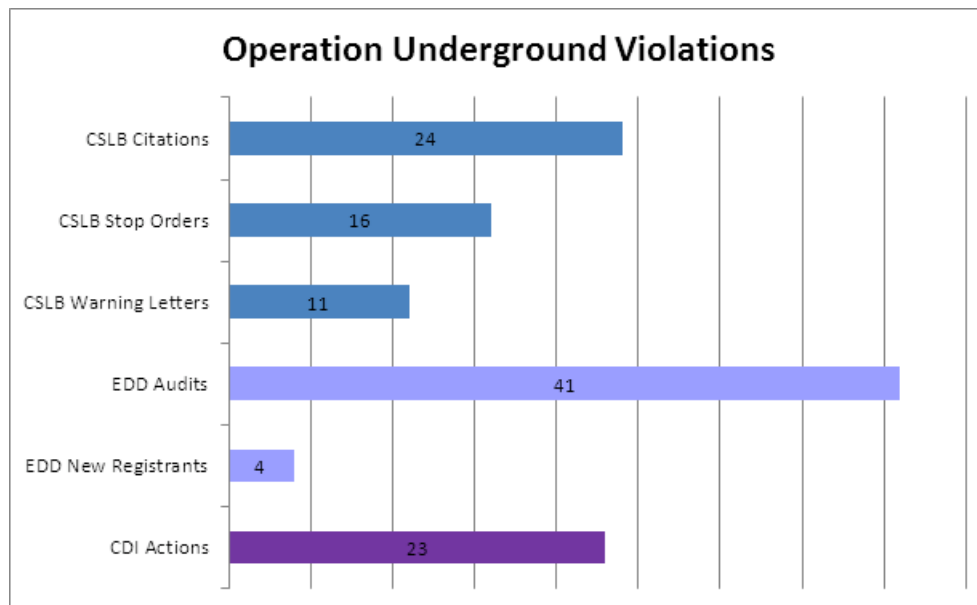
OPERATION UNDERGROUND

On June 20 and 21, 2012, investigators partnered with the Department of Insurance (CDI), the Employment Development Department (EDD), and district attorney investigators to take action against contractors operating in California's underground economy.

More than 100 personnel conducted sweeps at suspected illegal construction sites in eleven counties: Alameda, Butte, El Dorado, Kern, Los Angeles, Monterey, Orange, Riverside, San Bernardino, Santa Clara, and Yolo. Inspections targeted contractors suspected of:

- Premium insurance fraud by failing to report any payroll to their workers' compensation insurance carrier;
- Employing workers after filing a false exemption from workers' compensation insurance; and
- Employing workers without registering with EDD as an employer and failing to withhold payroll taxes.

CSLB and its partners targeted 133 contractors suspected of violating the state's labor, employment, tax, and licensure laws. Totals for CSLB and its partners are as follows:



Highlights of the two-day operation included:

- In Butte County, investigators issued two citations for workers' compensation violations and stop orders in Pleasanton. One suspect faces charges for contracting without a license. In Dublin, one was cited for workers' compensation violations and received a stop order.



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- Investigators in Chico opened one insurance investigation, and two contracting citations are pending in Paradise.
- In El Dorado County, six citations were issued for workers' compensation violations, and three investigations and audits were opened.
- In Kern County, two insurance fraud and two EDD investigations were opened.
- In Los Angeles County, a contractor caught in Inglewood and another in Santa Clarita will face tax audits.
- In Monterey County, one insurance investigation was opened in Salinas, three were cited for workers' compensation violations in Pebble Beach, one was cited in Carmel for contracting without a license and illegal advertising, and two were cited for workers' compensation violations and received Stop Orders.
- In Riverside County, three contractors face EDD audits.
- In San Bernardino County, one contractor caught in Ontario received a citation for workers' compensation violations and faces an EDD audit, one caught in Chino Hills faces an EDD audit, one contractor at a Fontana jobsite received a citation for aiding and abetting a non-licensee who was cited for contracting without a license and failure to carry workers' compensation, and one EDD audit was opened in Upland.
- In Santa Clara County, sixteen EDD audits were opened and one person was cited for workers' compensation violations in San Jose, and one EDD audit was opened in Campbell.
- In Yolo County, investigators issued six stop orders for workers' compensation violations and opened six investigations for insurance and tax fraud.

Operation Underground proved to be a success in the on-going battle against the underground economy and trying to level the playing field for contractors who abide by the rules.

CRAIGSLIST STINGS

SWIFT staff spear-headed a first time, multi-state blitz targeting illegal contractors who solicit work through illegal and deceptive Internet advertisements on Craigslist. Simultaneous enforcement operations were conducted in California, Arizona, Nevada, and Oregon, using craigslist ads as a basis to identify suspects.

In California, undercover sting operations conducted in eight different cities led to the arrest of 100 suspects. Three-quarters were identified from craigslist ads. One suspect is a convicted murderer; two others are registered sex offenders. All suspects now face a variety of misdemeanor charges, including contracting without a license and illegal advertising.

In Arizona, the operation conducted by the Registrar of Contractors resulted in 15 investigations into unlicensed contracting.

The Nevada State Contractors Board (NSCB) conducted three undercover sting operations, with 23 citations issued to craigslist advertisers for advertising in trades without the appropriate state license.

Oregon's Construction Contractors Board (CCB) staged two sting houses that resulted in 16 individuals being cited for bidding and advertising violations.



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CSLB previously worked with craigslist in 2006 and 2007 to address the illegal advertising problem. As a result, craigslist added links at the top of its “Skilled Trade Services” page where visitors can obtain license information and view the California Department of Consumer Affairs website. The company also added an additional step into the ad posting process that requires the user to indicate whether they are licensed. Regrettably, unlicensed operators quickly found a way around the requirement and now the process is virtually useless. CSLB has been unsuccessful in getting craigslist to address these concerns.

While the underground economy continues to thrive and expand, consumers face numerous risks by hiring unqualified and uninsured contractors. A news conference with further details was held at the California State Capitol. Assemblymember Bill Berryhill and Assemblymember Bill Monning spoke at the press conference and expressed their appreciation and support for CSLB’s efforts.

TRAINING UPDATE

As part of CSLB’s Strategic Plan, the Enforcement division has an ongoing commitment to creating a training curriculum for staff that includes basic enforcement procedures, a mentoring program, and specialized training. Below is a list of training that has been conducted to date in 2012.

1. Module 1: Basic Investigative Techniques

January – June 2012

This course was developed by CSLB management staff in conjunction with retired annuitant Doug Galbraith and Michael Franklin, Deputy Attorney General. This course is an 8-hour block of instruction on basic investigative techniques, roles and responsibilities of an investigator, effective case management, overview of rules of evidence, and elements to Business & Professions Code sections: 7107 (Abandonment), 7116 (fraud), and 7125.4 (False reporting of a workers’ compensation insurance exemption certificate).

2. Module 2: Interview Techniques

January – June 2012

This course is designed to assist Enforcement Representatives enhance their interview techniques; understand the importance of obtaining accurate statements, admissions, and confessions; and prepare to provide expert testimony in court and administrative hearings. This course includes a workshop for participants to test their interview skills in several CSLB-related scenarios.

3. Bankruptcy Case Law & Impact on Enforcement

February 2012

This one-day course was provided by Supervising Deputy Attorney General (SDAG) Marc Greenbaum and his staff. The training will include an overview of bankruptcy case law and the impact a bankruptcy filing has on CSLB Enforcement action and a consumer’s ability to recover financial restitution.



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- 4. Security Assessments for Enforcement Staff** **February 2012**
Dr. Steve Albrecht discussed workplace violence in addition to violence as a process. Staff learned techniques to identify “danger zones” in the field, the importance of preplanning, scene containment and scene management. This training will assist staff in documenting threatening statements and behaviors effectively.
- 5. Northern California Fraud Investigators Association** **March 2012**
This three day course brought together law enforcement, prosecutors, civil attorneys, corporate leaders, insurance personnel, and select Enforcement staff to address common issues in the fight against fraud. This year’s conference featured over 40 guest speakers and had over 400 attendees. Annual anti-fraud education and networking are fundamental to prosecuting fraud or related crimes.
- 6. Improving Enforcement Skills** **April 2012**
Enforcement staff was invited to learn about interpersonal dynamics and emotional intelligence in this training given by Sommer Kehrli, Ph.D. Highlights of this training included personal and social competence skills along with self-management skills which play key roles in successful job performance.
- 7. Advanced Negotiation** **April 2012**
This interactive seminar focused on advanced techniques and principles for improving the ability to negotiate effectively. Designated staff attended this training which concentrated on sharpening existing skills and deepening practical and theoretical knowledge of fundamental principles of successful negotiation.
- 8. Supervisors Training** **June 2012**
Enforcement Supervisors were invited to attend the Centre for Organizational Effectiveness’ Enforcement Supervisor I training held in Sacramento and Norwalk. Supervisors brushed up on techniques to improve their supervisory skills. Enforcement Managers Jeneece Hards, Missy Vickrey, and Scott Weber served as presenters during the training and discussed CSLB challenges and changes.
- 9. Basic National Certified Investigator/Inspector Training (NCIT)** **June 2012**
This three-day course provided hands-on training and certification program in investigation and inspection techniques and procedures. Staff learned specifics regarding professional conduct, principles of administrative law and the regulatory process, the investigative process and the principles of evidence. In addition, investigators were instructed on interview techniques, report writing, and testifying in administrative and criminal proceedings. Upon completion of the course and successful completion of the final exam, investigators received certification by the Council on Licensure, Enforcement and Regulation (CLEAR).



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PLANNED TRAINING

The following training is proposed training for fiscal year 2012 – 2013.

- 1. Module 3: Effective Report Writing** **Third Quarter 2012**
This course will be designed to assist Enforcement Representatives enhance their writing skills and create a professional, accurate, and complete investigative report. Emphasis will be placed on credibility, proof-reading, and ensuring findings will pass scrutiny during a trial or hearing. The class will include a practical report-writing exercise and an exercise where participants will engage in a mock trial.
- 2. Elder Abuse Training** **September 2012**
This is a two-day course offered to CSLB Peace Officers that takes an in depth look at gypsy and traveler crime, “non-traditional organized crime” groups, crimes committed against the elderly, ruse entry and impostor burglaries, and dealing with investigation impediments.
- 3. Improving Employee Performance & Accountability** **September/October 2012**
This is a two-day course offered by CPS for Enforcement Supervisors and Managers. The course encompasses job documentation, communicating expectations, and coaching employees to ensure success. Participants will learn steps to identify and establish performance measurements and conduct the Performance Appraisal/ Individual Development Plan. Most importantly, participants will be able to motivate employees to change behavior and learn the steps to sustain performance levels.
- 4. DCA’s Enforcement Academy** **October/November 2012**
DCA’s Enforcement Academy provides a solid, standard baseline of knowledge and practices for employees who perform enforcement functions while creating an opportunity for individuals from all DCA’s Boards, Bureaus and Divisions to network and learn from one another. The Academy is one week long and must be attended in its entirety for successful completion.

AGENDA ITEM E-2

Review and Approval of Recommendation Regarding Duties Required by Individuals Qualifying an Additional Individual or Firm





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, CA 95827
Mailing Address: P.O. Box 26000, Sacramento, CA 95826
800-321-CSLB (2752)
www.cslb.ca.gov

STATE OF CALIFORNIA
Edmund G. Brown Jr., Governor

DATE: August 23, 2012

TO: Stephen P. Sands
Registrar of Contractors

FROM: David Fogt
Chief of Enforcement

SUBJECT: Duty of Individual Qualifying on Behalf of Another; Acting as Qualifying Individual for Additional Person or Firm

DISCUSSION:

The lack of a clear understanding by license applicants, licensees, and the public on the minimum requirements of the individual qualifying on behalf of a firm (Responsible Managing Officer [RMO] or Qualifying Partner) compromises consumer protection as well as a licensee's ability to pursue a civil action when a consumer argues the licensee is not in substantial compliance. This may bar the licensee from pursuing compensation pursuant to Business and Professions (B&P) Code section 7031 – Recovery of compensation paid to unlicensed contractor; Substantial compliance.

Further, CSLB has determined that many "retiring" licensees are serving as an RMO on a corporate license for a monthly fee but have no direct involvement in the construction and business activities. Examples of significant consumer harm are the accusations filed against Pacific Home Remodeling Inc., license #768166; and Ocean Air Care Inc., license #909100. Multiple consumers filed complaints against both licenses, and the investigations determined that the RMOs were unaware of the projects as well as the illegal and fraudulent acts being committed by the officers who were running the corporations.

Consumers suffered significant financial injuries that far exceeded the \$12,500 contractor bond.

ISSUES:

1. Are the responsibilities of a Responsible Managing Employee (RME), RMO, or Qualifying Partner clearly defined, and if so, is the information available to the public?
2. Are enforcement practices sufficient to ensure qualifiers are complying with existing duties and responsibility mandates?
3. Is public protection achieved by existing qualifier bond requirements?

RECOMMENDATIONS:

1. Distribute information clarifying the duties and responsibilities of the qualifying individual on the CSLB website and in the *California Licensed Contractor* newsletter.

2. Pursue legislation to amend B&P Code section 7068.1(d) to provide for disciplinary action when a licensee or qualifier fails to comply with the duties and responsibilities the qualifying individual certified he/she would perform.
3. Establish a task force to:
 - Identify the scope of the problem;
 - Investigate suspect individuals who attempt to qualify multiple licenses to ensure compliance with the qualifier duties and responsibility requirements; and
 - Explore legislative and or administrative remedies.

EXISTING STATUTORY REQUIREMENTS:

1. Qualifier Duties and Responsibilities

Pursuant to California Code of Regulations (CCR), Title 16, Section 823, the following questions must be answered on the license application by the qualifying individual for a license:

Application Question 13: *The Registrar of Contractors has determined that direct supervision and control includes any one or a combination of the following activities: supervising construction, managing construction activities by making technical and administrative decisions, checking jobs for proper workmanship, or direct supervision on construction sites. Will you as the qualifying individual, perform one or more of these duties?*

Application Question 14: *This question must be answered only if the qualifying individual is an RME. CCR Section 823 states an RME must work at least 32 hours per week or 80% of the total operating hours per week for the entity for which he or she acts as the qualifier. Will you, as the Responsible Managing Employee, meet the requirement of CCR Section 823 cited above?*

CONCERN: Applicants must answer “yes” to questions 13 and 14 for the application to be processed; however, there is no follow-up to ensure the qualifier is performing any of the aforementioned duties.

B&P Code Section 7068.1 – Duty of individual qualifying on behalf of another; Acting as qualifying individual for additional person or firm, reads in part:

The person qualifying on behalf of an individual or firm... shall be responsible for exercising that direct supervision and control of his or her employer's or principal's construction operations as is necessary to secure full compliance with this chapter and the rules and regulation of the board relating to the construction operations. . .

CONCERN: The statute does not include language confirming failure by a qualifier to exercise direction and control is grounds for disciplinary action. Consequently, CSLB must prove a false statement of fact when the application was signed (violation of B&P Code 7112) or include the violation AFTER a consumer has been harmed.

2. Qualifier Bond Requirements

Responsible Managing Employee

Pursuant to B&P Code section 7071.9, an RME must carry a \$12,500.00 bond, or an approved alternative to the bond, on file for each Responsible Managing Employee (RME).

Responsible Managing Officer

A \$12,500 Bond of Qualifying Individual must be on file with CSLB for each RMO unless he/she owns 10 percent or more of the voting stock of the corporation. A \$12,500 Bond of Qualifying Individual must be on file with CSLB for each qualifying individual of a limited liability company (LLC) unless he/she owns at least a 10 percent membership interest in the LLC.

3. Qualifying Multiple Licenses

A person is allowed to serve as the qualifying individual for more than one license (BUT FOR NO MORE THAN THREE FIRMS IN ANY ONE-YEAR PERIOD) if any of the following conditions exist:

- There is a common ownership of at least 20 percent of the equity of each firm for which the person acts as a qualifier;
- The additional firm is a subsidiary or a joint venture with the first; or
- The majority of the partners or officers are the same.

AGENDA ITEM E-3

Review of the 2011 Consumer Satisfaction Survey





**CONTRACTORS STATE LICENSE BOARD
REPORT ON THE**

**CONSUMER SATISFACTION SURVEY:
2011 COMPLAINT CLOSURES
(January to December)**

Report Date: July 2012

Executive Summary

The Consumer Satisfaction Survey Reports are based on surveys of individuals who have filed complaints with the Contractors State License Board's (CSLB's) enforcement program against licensed or unlicensed contractors. These surveys assess the public's satisfaction with the CSLB's handling of their complaints. The original benchmark survey began with complaints that were closed in 1993, and assessment of consumer satisfaction has continued since that time. The present report assesses consumer satisfaction for complaints closed in the calendar year of 2011.

Eight of the nine questions on the 2011 survey were identical to the questions used since 1993. The same seven point agreement scale was used. From 1993-2009, a total of 4800 complainants (400 per month) were randomly selected to receive surveys.

In 2010 the survey's format and sampling method were changed. Beginning with 2010, the survey was emailed to all consumers with closed complaints who provided email addresses to the CSLB. In 2011, the total number of complainants who provided email addresses was 6062. Surveys were sent out in individual monthly batches throughout 2011 and early 2012.

Additional questions have historically been included to ask consumers about other CSLB issues. In 2007 one of the additional questions was changed from "Before hiring, I inquired about my contractor's *qualifications* with the Contractors State License Board" to "Before hiring, I inquired about my contractor's *license status* with the CSLB." The answer choices for this question were also changed from the agreement scale to a yes-no format. In addition, an open-ended question was included to assess the reasons why respondents who said "No" to the earlier question were not inquiring about their contractor's license status with the CSLB. In 2007 the survey questions were also reordered so that the two questions regarding checking the contractor's license status became Questions 9 and 10. In 2010 and 2011, the open-ended question that was a follow-up to Question 9 was eliminated.

A total of 1521 complainants, 25% of those surveyed, responded to the questionnaire. This response rate is 6% lower than the response rate for the 2010 survey, and 2% lower than the response rate in 2009.

Major Findings and Comparison with Previous Years

The results from surveying consumers with complaints closed in 2011 are summarized in Table 1 on the following page along with the ratings on the eight questions related to consumer satisfaction (service categories) for the last five years.

In 2007 the lowest percent agreement (52%) was for the question "The action taken in my case was appropriate," whereas the highest percent agreement (80%) was found for the question related to being treated courteously. This pattern has remained for the last five years. The percent agreement for the other service categories in 2007 ranged from 56% to 77%. In 2008 four service categories showed a 1-2% increase from 2007, three service categories showed a 1-2% decrease, and one service category showed a 4% decrease. In 2009 two service categories showed a 1-2% increase, five service

TABLE 1: HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY (2007 - 2011)

Questionnaire Statements	Percent Agreement by Calendar Year				
	2011	2010	2009	2008	2007
1. The CSLB contacted me promptly after I filed my complaint.	80%	78%	75%	73%	77%
2. The procedures for investigating my complaint were clearly explained to me.	73%	69%	69%	71%	72%
3. The CSLB kept me informed of my case's progress during the investigation.	65%	61%	60%	60%	62%
4. I was treated courteously by the CSLB's representative(s).	82%	79%	80%	79%	80%
5. My complaint was processed in a timely manner.	67%	61%	58%	63%	62%
6. I understand the outcome of the investigation (whether or not I agree with the action taken).	65%	62%	61%	64%	63%
7. The action taken in my case was appropriate.	50%	46%	50%	54%	52%
8. I am satisfied with the service provided by the CSLB.	57%	51%	53%	57%	56%

categories showed a 2-5% decrease, and one service category showed no change. In 2010 four service categories showed a 1-3% increase, three service categories showed a 1-4% decrease, and one service category showed no change.

The following service categories showed a 6% increase in satisfaction from 2010 to 2011:

- Question 5 “complaint processed in timely manner.”
- Question 8 “satisfied with service.”

The following service categories showed a 4% increase in satisfaction from 2010 to 2011:

- Question 2 “procedures clearly explained.”
- Question 3 “was kept informed.”
- Question 7 “action taken in my case was appropriate.”

The following service category showed a 3% increase in satisfaction from 2010 to 2011:

- Question 4 “was treated courteously.”
- Question 6 “understand the outcome of the investigation.”

The following service category showed a 2% increase in satisfaction from 2010 to 2011:

- Question 1 “was contacted promptly.”

Forty-three percent of survey respondents selected “Yes” to Question 9 “Before hiring, I inquired about my contractor’s license status with the CSLB.” This is 2% less than the 2010 results.

The majority of complaints have retained the same characteristics as in the previous years. The following attributes define the typical complaint:

- filed by a non-industry consumer (97%)
- involved a licensed contractor (84%)
- processed within six months (80%)
- addressed home improvement repairs or remodeling (74%)
- was not construction type-specific (61%).

In prior surveys a disproportionate number of responses came from complainants who received outcomes in their favor. In order to examine possible response bias, a profile of complaint characteristics was developed for the 6062 surveyed complainants, including whether or not their complaint outcome was considered positive by the CSLB. This profile was then compared to the group of 1521 complainants who responded to the survey. Although 59% of the complaints in the total survey sample were closed in favor of the complainant, 52% of the survey responses came from these complainants. The 7% discrepancy between percentage of complaints closed in favor of the complainant and the number of survey responses from these complainants is in the opposite

direction from what is usually manifest in this type of survey. Typically, there is a tendency for complainants who receive positive outcomes to be more likely to respond to the CSLB survey. The 2011 results show no indication of positive response bias.

CONTRACTORS STATE LICENSE BOARD

CONSUMER SATISFACTION SURVEY: JANUARY THROUGH DECEMBER 2011 COMPLAINT CLOSURES

History

In 1994 the Contractors State License Board began a program to improve consumer satisfaction with the CSLB's enforcement program. One of the cornerstones of this effort was a survey to solicit feedback from individuals who filed complaints with the Board. The first postcard survey, covering 1993 complaint closures, was designed to serve as a benchmark in an ongoing evaluation program as well as to identify areas in need of improvement. These ongoing surveys have been conducted by the CSLB Testing Division. The present report covers complaints closed between January and December 2011. When preparing the 2007 report, the CSLB decided to set a new benchmark of five years in order to ensure that the benchmark data remains current. Each year's data is now compared to data from the last five years.

In 2007 the lowest percent agreement (52%) was for the question "The action taken in my case was appropriate," whereas the highest percent agreement (80%) was found for the question related to being treated courteously. This pattern has remained for the last five years. The percent agreement for the other service categories in 2007 ranged from 56% to 77%. In 2008 four service categories showed a 1-2% increase from 2007, three service categories showed a 1-2% decrease, and one service category showed a 4% decrease. In 2009 two service categories showed a 1-2% increase, five service categories showed a 2-5% decrease, and one service category showed no change. In 2010 four service categories showed a 1-3% increase, three service categories showed a 1-4% decrease, and one service category showed no change.

The Consumer Satisfaction Survey also provides a convenient method to poll consumers on other issues. Since 2000 one purpose of the survey was to estimate the percentage of complainants who had inquired about the contractor's qualifications with the CSLB. The percent agreement with this question has ranged from 29% in 2000 up to 37% in 2005 and 2006.

In 2007 this question was changed from "Before hiring, I inquired about my contractor's *qualifications* with the Contractors State License Board" to "Before hiring, I inquired about my contractor's *license status* with the CSLB." The rating scale for this question was also changed from the seven-point agreement scale to a forced choice (Yes/No) response. In addition, an open-ended, follow up Question 10 was added to assess the reasons why some consumers were not inquiring about the license status of their contractors with the CSLB. The responses to Question 10 were reviewed and sorted into twelve comment categories. The 2007 results showed that 43% of respondents selected "Yes," 51% selected "No," and 6% did not respond. In 2008, the results showed that 50% of respondents checked the contractor's license status with the CSLB, 44% did not, and 6% did not respond. In 2009, 45% of respondents selected "Yes," 48% selected "No," and 7% did not respond to this question. The 2010 results showed that 45% of respondents selected "Yes," 49% selected "No," and 6% did not respond.

In 2011, the results showed that 43% of respondents checked the contractor's license status with the CSLB, 53% did not, and 4% did not respond

Project Design

Questionnaire Description

The nine-item 2011 questionnaire was developed in Survey Monkey and included eight questions assessing customer service related to specific aspects of the complaint process, with one question addressing overall satisfaction with service. These questions were virtually identical to those used since 1994. The complainants were asked to rate the questions on a seven-point agreement scale. The rating scale provided three levels of agreement with a question (Strongly Agree, Agree, and Mildly Agree), and three levels of disagreement (Strongly Disagree, Disagree, and Mildly Disagree). The rating scale also included a "Neutral" point. The final question addressed whether or not consumers inquired with the CSLB about their contractor's license status prior to hiring using a forced choice (Yes/No) rating scale. The questionnaire also provided space for written comments. A copy of the questionnaire is attached as Appendix A.

Each complainant's email address was linked with their case number prior to emailing, allowing analyses of survey responses by the nature of the complaint. The information from complaint files also was used to determine whether the respondent sample was representative of the larger group of complainants.

Sampling Procedure

In the calendar year 2011, the CSLB completed the investigation or mediation process for 21,052 complaints filed by consumers against licensed and unlicensed contractors. Complainants who had provided the CSLB with an email address were selected from all of the closed complaint files in 2011. Duplicate complainants and clearly incorrect email addresses were removed from the sample prior to emailing, leaving a total sample of 6062. Monthly surveys of consumers whose complaints were closed in that month were emailed throughout 2011 and early 2012.

Analysis Procedure

The level of agreement with each service category question was determined by combining the three "Agreement" points, and then dividing this number by the total number of respondents. This procedure provides the proportion of respondents who agreed with the question.

The complaint number attached to each complainant's email address was used to link response ratings with specific characteristics of the complaint itself. This linkage was used to assess complainant satisfaction in the context of such factors as the ultimate outcome of the complaint, the processing time for the complaint, and the license status of the contractor.

The complaint files were also used to determine whether the consumers who responded to the survey were representative of the total sample. A profile of complaint characteristics was developed for the respondent group and compared to the profile for the total sample. Close correspondence between the two profiles would confirm a representative (unbiased) consumer response.

Complainants' Comments

In previous survey years, comments were hand-entered into a database and assigned one or more subject-specific code (comment category). The majority of the comments elaborated on the questionnaire statements; the remaining comments presented additional areas of consumer concern. Some complainants used the comment space to request contact by a CSLB representative, to indicate that they were unsure about the outcome of their case, or to provide positive remarks about CSLB representatives who handled their cases. These surveys were delivered to the CSLB Enforcement staff. In 2010 and 2011 all of the comments were typed by the complainants themselves, thereby reducing the need to first decipher handwriting and then enter and code the comments.

Results

Response Rate

The total number of survey responses, 1521, was 25% of those selected for the sample. In 2010, the response rate was 31%. The response rate for this survey has ranged from 22-31%, which is considered standard for this type of survey.

Consumer Agreement with Questionnaire Statements

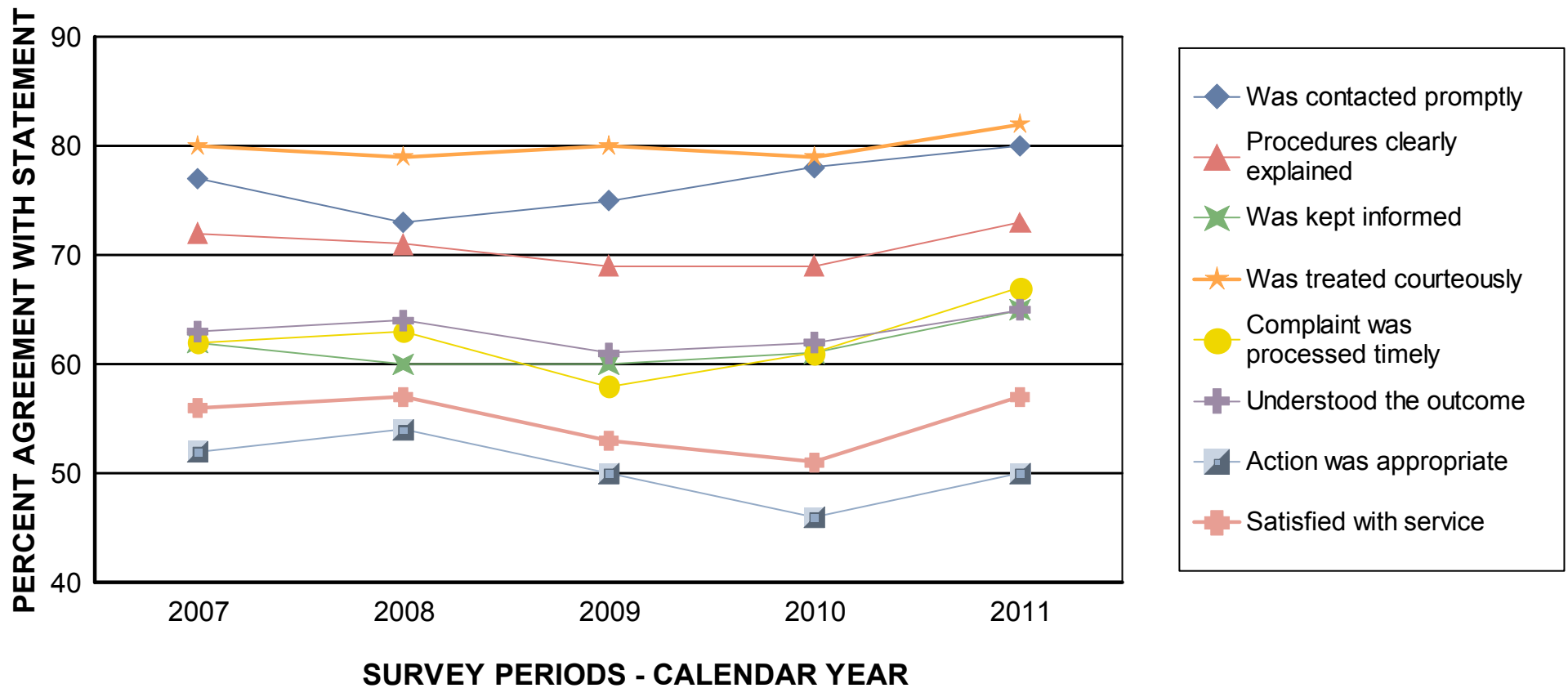
Appendix B (Table B-1) contains the detailed results for the 2011 Consumer Satisfaction Survey, indicating the individual percentages for each "Agreement" category. The satisfaction ratings for the 2011 survey are presented in Table 1 of the Executive Summary, along with the results from 2007-2010. This same information is presented in graph form (Figure 1) on the following page.

Contractor Qualifications

The question addressing contractor's qualifications was included to assess the need for public education in this area. Question 9 asked, "Before hiring, I inquired about my contractor's qualifications with the Contractors State License Board." In 2011, 43% of the respondents selected "Yes," 53% selected "No," and 4% did not respond. In 2010, 45% of the respondents selected "Yes," 49% selected "No," and 6% did not respond. From 2007- 2009, an additional follow up Question 10 was included, "If #9 is NO, please state why." In 2009, the most frequent comments addressed the following issues: consumer did not know to check with the CSLB - 25%; contractor was referred by a friend, neighbor, or relative - 15%, and consumer checked for a license number only - 11%. In 2008, 23% of comments indicated that the consumer did not know to check with the CSLB; 15% checked for a license number only, and 9% indicated that the contractor was referred by a friend, neighbor, or relative. Between 2008 and 2009,

FIGURE 1:
HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY (2007 - 2011)
LINE GRAPH PRESENTATION

AGREEMENT WITH STATEMENTS ON SURVEY -- ALL RESPONDENTS



there was also a 9% decrease in the percentage of comments indicating that complainants did not bother to check with the CSLB. This question was not included in the 2010 or 2011 surveys.

Complainant's Comments

Sixty-five percent of the responding complainants chose to include comments with their survey responses. This is consistent with the percentage of complainants who included comments in 2010 (65%). As in previous years, the comments ranged from requests for follow up, additional information about the status of complainants' cases, and feedback regarding CSLB representatives. The comments also included suggestions for procedure changes regarding the CSLB complaint process. All comments were forwarded to the CSLB Enforcement staff for their review.

Sampling Validity

In survey research, those who respond to a survey may not be representative of the overall group. This can occur when a particular segment of the sample is more motivated to respond to the survey. In order to examine possible response bias, a profile of complaint characteristics was developed for the 6062 surveyed complainants. This profile was then compared to the group of 1521 complainants who responded to the survey. The profile is contained in Appendix C. The profile clearly demonstrates that the responding group has very similar characteristics as the sample group.

Response Trend

In prior surveys a disproportionate number of responses came from complainants who received outcomes in their favor. The trend did not manifest in the 2011 results. Although 59% of the total sample had outcomes in favor of the complainants, they represented 52% of all responses. The 7% discrepancy between percentage of complaints closed in favor of the complainant and the number of survey responses from these complainants is greater and in the opposite direction from the 2% discrepancy found in 2010. This is the first time since the inception of the survey that the typical response bias was not indicated.

Change in Sampling Method

Beginning in 2010 the sampling method was changed from random sampling to convenience sampling. Random sampling is preferred for most surveys to ensure that the sample is representative of the overall population of interest. It assumes that characteristics such as gender, age, socioeconomic status, etc. are equally distributed across the population and therefore will be equally distributed across a random sample. Convenience sampling selects participants based on their availability to the researcher. As applied to the CSLB consumer satisfaction survey, a decision was made to reduce costs and staff time by using an emailed survey instead of a paper and pencil survey, thereby making the most convenient sample those complainants who had provided their email addresses. While convenience sampling can induce bias in a survey, depending on the survey topic, there is no reason to expect that consumers who provided their

email addresses to the CSLB would have different opinions on the satisfaction measures assessed by the current survey.

TECHNICAL APPENDICES

Appendix A: CONSUMER SATISFACTION SURVEY QUESTIONNAIRE

Appendix B: DETAILED RESULTS OF CONSUMER SATISFACTION SURVEY

Appendix C: CONSUMER COMPLAINT PROFILES

APPENDIX A

Consumer Satisfaction Survey Questionnaire

1. Introduction Section

Dear Consumer:

As part of our ongoing efforts to improve service to consumers, we are conducting a survey to monitor the quality of service provided to consumers who have filed a complaint with the Contractors State License Board.

Your name was selected from our complaint files that were recently closed.

Would you please take a few minutes to respond to the following survey? We need to hear from you so that we can identify where improvements are needed. Of course, we would also like to hear how we are serving you well.

When you are done just click on the "DONE" button at the bottom of the last page to forward your responses on to the Board.

Thank you for taking the time to participate in this survey!

Contractors State License Board

2. Survey instructions and questions

Please have the person most familiar with the complaint complete the survey. Select the response that shows how much you agree with each statement on the survey.

We are identifying your response with your complaint number to provide specific information about CSLB operations. **YOUR IDENTITY WILL BE KEPT COMPLETELY CONFIDENTIAL UNLESS YOU REQUEST CONTACT FROM THE CSLB.**

	STRONGLY AGREE	AGREE	MILDLY AGREE	NEUTRAL	MILDLY DISAGREE	DISAGREE	STRONGLY DISAGREE
The CSLB contacted me promptly after I filed my complaint.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The procedures for investigating my complaint were clearly explained to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The CSLB kept me informed of my complaint's progress during the investigation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I was treated courteously by the CSLB's representative(s).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My complaint was processed in a timely manner.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I understand the outcome of the investigation (whether or not I agree with the action taken).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The action taken in my case was appropriate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am satisfied with the service provided by the CSLB.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Before hiring, I inquired about my contractor's license status with the CSLB.

☐ YES

☐ NO

Comments (please include any areas that you feel our staff could improve in and/or examples of superior service to you):

	5
	6

APPENDIX B

Detailed Results of Consumer Satisfaction Survey



Consumer Satisfaction Survey Report - Table B-1

Overall Results Of Consumer Satisfaction Survey 2011 Complaint Closures

QUESTION ASKED	STRONGLY AGREE	AGREE	MILDLY AGREE	NEUTRAL	MILDLY DISAGREE	DISAGREE	STRONGLY DISAGREE	NO RESPONSE
1. Was contacted promptly	534 35%	557 37%	131 9%	68 4%	53 3%	70 5%	91 6%	17 1%
2. Procedures clearly explained to me	477 31%	493 32%	138 9%	108 7%	81 5%	95 6%	106 7%	23 2%
3. Was kept informed	414 27%	391 26%	175 12%	138 9%	84 6%	120 8%	166 11%	33 2%
4. Was treated courteously	759 50%	425 28%	58 4%	117 8%	33 2%	36 2%	63 4%	30 2%
5. Complaint was processed timely	471 31%	394 26%	149 10%	109 7%	77 5%	105 7%	184 12%	32 2%
6. Understood the outcome	499 33%	402 26%	91 6%	125 8%	61 4%	88 6%	213 14%	42 3%
7. Action was appropriate	423 28%	255 17%	83 5%	141 9%	87 6%	125 8%	347 23%	60 4%
8. Satisfied with service	485 32%	293 19%	80 5%	118 8%	72 5%	108 7%	318 21%	47 3%
<div> <div>YES</div> <div>NO</div> <div>NO RESPONSE</div> </div>								
9. Checked contractor's license status with CSLB	660 43%	806 53%	55 4%					

Number of responses: 1521

Appendix C

Complaint Profiles

Complaint Profiles
(January - December 2011)

TABLE C-1: ORIGIN OF COMPLAINT

Code	Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
C	Construction Industry	3%	3%
P	Public Consumer	97%	97%

TABLE C-2: COMPLAINT PRIORITY

Code	Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
D1	All Others	73%	71%
C7	Non-Licensees	14%	16%
B1	Multi-Complaints	13%	13%

Complaint Profiles
(January - December 2011)

TABLE C-3: INVESTIGATION TYPE

Code	Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
L	Licensed Contractor	86%	84%
N	Non-Licensed Contractor	14%	16%

TABLE C-4: CONSTRUCTION TYPE

Code	Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
0	Electrical	2%	2%
1	All Trades	31%	31%
2	Roofing	8%	8%
3	Painting	4%	3%
4	Masonry and Cement	3%	3%
5	Stucco, Plastering, and Drywall	< 1%	1%
6	Heating and Air Conditioning	5%	5%
7	Plumbing	5%	5%
8	Cabinets	1%	1%
9	Landscaping	3%	4%
L	Other	32%	30%
M	Insulation	< 1%	< 1%
N	Solar	< 1%	1%
X	No Construction	5%	6%

Complaint Profiles
(January - December 2011)

TABLE C-5: CONSTRUCTION COST/CONTRACT

Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
No Contract	7%	9%
\$2,000 or less	21%	21%
\$2,001 to \$3,000	6%	6%
\$3,001 to \$4,000	6%	5%
\$4,001 to \$5,000	5%	4%
\$5,001 to \$6,000	4%	4%
\$6,001 to \$10,000	12%	11%
\$10,001 to \$30,000	17%	18%
\$30,001 to \$100,000	12%	12%
\$100,001 to \$500,000	7%	7%
\$500,001 to \$1,000,000	1%	2%
\$1,000,001 or more	1%	2%

Complaint Profiles
(January - December 2011)

TABLE C-6: FINANCIAL INJURY AMOUNT

Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
No Amount Reported	96%	97%
\$2,000 or less	1%	1%
\$2,001 to \$5,000	1%	1%
\$30,001 or more	1%	< 1%
\$5,001 to \$10,000	1%	< 1%
\$10,001 to \$30,000	1%	< 1%

TABLE C-7: PROJECT TYPE

Code	Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
J	Repairs and Remodeling	76%	74%
L	Other	10%	9%
X	No Construction	5%	6%
F	Swimming Pool	4%	5%
B	New Construction (Single Unit-Custom)	2%	2%
D	New Construction (Commercial)	1%	1%
E	New Construction (Home Improvement)	1%	1%
A	New Construction (Single Unit-Tract)	1%	1%
C	New Construction (Multiple Units)	< 1%	< 1%
G	Mobile Home	< 1%	< 1%
K	Real Estate - Purchase	< 1%	< 1%

Complaint Profiles
(January - December 2011)

TABLE C-8: ELAPSED TIME OF COMPLAINT PROCESSING

Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
1 month or less	26%	35%
1 to 2 months	23%	21%
2 to 3 months	15%	13%
3 to 4 months	3%	3%
4 to 5 months	5%	4%
5 to 6 months	5%	4%
6 to 12 months	22%	19%
1 to 2 years	1%	1%

Complaint Profiles
(January - December 2011)

TABLE C-9: CLOSING ACTION

Code	Description	% of Respondent Sample (1521)	% of Survey Sample (6062)
CL70	Settled in Screening (CSR) [+]	20%	28%
CL20	Insufficient Evidence	19%	15%
CL90	No Further Action	17%	15%
CL7M	Mandatory Arbitration [+]	5%	6%
CL1C	Citation [+]	4%	4%
CN60	Citation (Non-License) [+]	4%	4%
CL50	Settled in Investigation (Deputy) [+]	4%	4%
CN20	Insufficient Evidence (Non-Licensee)	4%	3%
CL30	No Jurisdiction	4%	3%
CL80	Minor Violation - Warning [+]	4%	3%
CL1A	Accusation [+]	3%	3%
CL60	License Already Revoked [+]	3%	2%
CN10	Prosecutor (Non-Licensee) [+]	2%	2%
CN30	No Jurisdiction (Non-Licensee)	2%	2%
CN40	No Further Action (Non-Licensee)	1%	2%
CN50	No Further Action - Warning [+]	1%	1%
CL7A	Voluntary Arbitration [+]	1%	1%
CL40	No Violation	1%	1%
CL10	Prosecutor [+]	< 1%	< 1%
CL7N	On-Site Negotiation [+]	< 1%	< 1%

AGENDA ITEM F

Public Affairs Committee Report



AGENDA ITEM F-1

Public Affairs Program Update





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

The Contractors State License Board's (CSLB) Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations. PAO provides a wide range of services, including proactive public relations and paid advertising campaigns; response to media inquiries; community outreach, including Senior Scam StopperSM and Consumer Scam StopperSM seminars, special events, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; and limited employee relations.

STAFFING UPDATE:

PAO currently is staffed with four full-time (FT) positions. Since the last Board meeting, two retired annuitants have been laid off, and student assistants have been furloughed. Two Information Officer I positions are vacant.

Name	Position
Rick Lopes	Chief of Public Affairs (FT)
Melanie Bedwell	Information Officer II (FT)
Rose Avila	Graphic Designer III (FT)
Jane Kreidler	Associate Governmental Program Analyst (FT)
VACANT	Information Officer I (FT)
VACANT	Information Officer I (FT)



WEBSITE HIGHLIGHTS:

Website Assistance Project

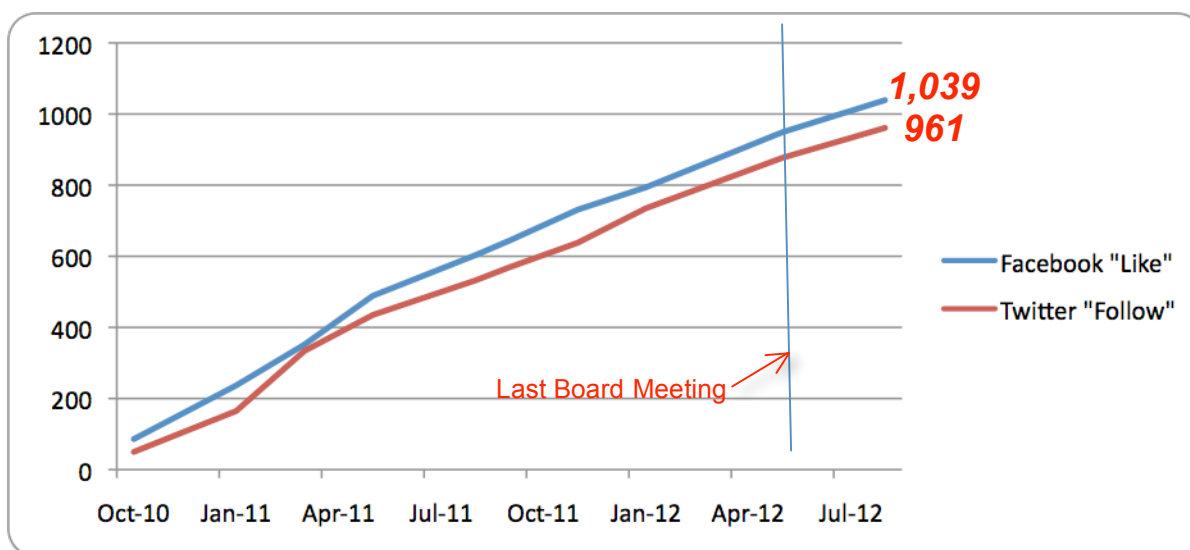
PAO has begun staff training to prepare all press releases, industry bulletins, and various other items for posting on CSLB's website. PAO assumed this responsibility in September 2011. IT staff is still responsible for verifying PAO's work, then uploading the material to the website. This assures timelier posting to the website, providing links for use on CSLB's social media websites.

Social Media

CSLB continues to gain followers of its Twitter and Facebook pages. PAO staff continues to monitor demographic data and track the number of "likes" and "followers," which generally increase on a daily basis. As of August 16, 2012, 1,039 individuals, businesses or other government entities "like" CSLB's Facebook page and 961 "follow" CSLB on Twitter. The growth is outlined on graph below.

PAO also maintains a YouTube page, which includes videos of Board meetings, sting operations and educational materials.

Facebook "Likes" & Twitter "Followers"



Email Alert Feature

PAO continues to publicize a website feature launched in May 2010 that allows people to sign up to receive up to four different email alerts from CSLB.

Subscribers can receive alerts for:

- *California Licensed Contractor* newsletter
- Press Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

e-mail alerts

Please enter your information to sign up for a CSLB Mailing List:

Email address:

First name:

Last name:

Select the list you would like to subscribe to:

☐ California Licensed Contractor Newsletter

☐ Press Releases/Consumer Alerts

☐ Industry Bulletins

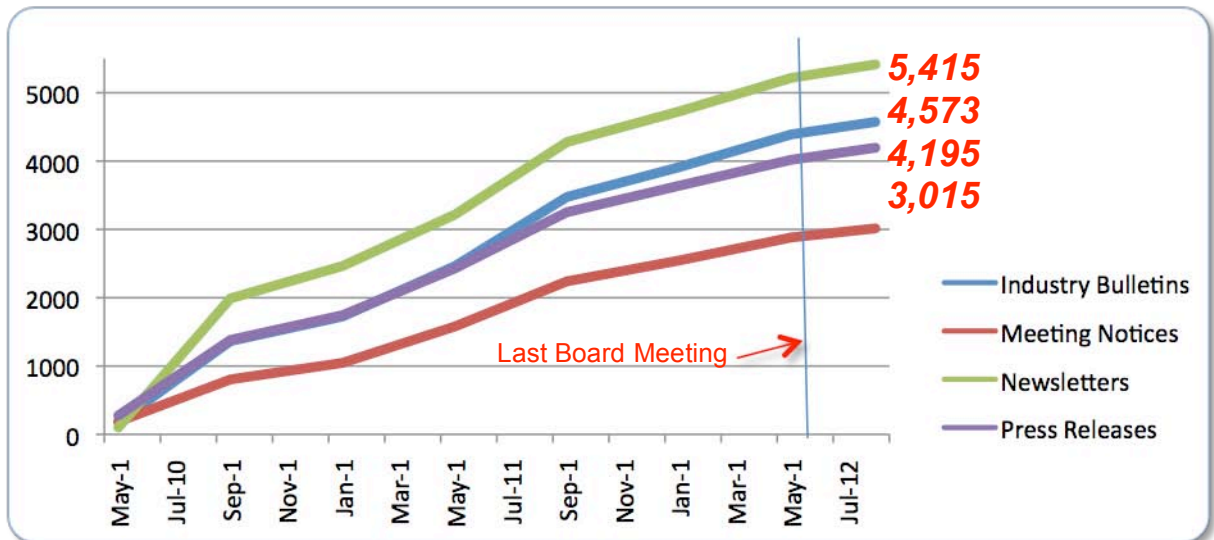
☐ Public Meeting Notices/Agendas



A total of 17,198 subscriptions were activated as of August 16, 2012, an increase of 2,377 since the first of the year. Each of the four lists is growing at about the same rate, with the greatest number of subscribers to newsletters, followed by industry bulletins, press releases, and meeting notices. The growth of the list is outlined on a graph below.

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This list currently consists of 78,487 active email addresses. That brings the combined email database to almost 96,000 addresses.

Email Alert Sign-Up Statistics



**MEDIA RELATIONS HIGHLIGHTS:****Media Calls**

Between May 14, 2012 and August 16, 2012, PAO staff responded to 32 separate media inquiries and provided interviews to a variety of newspaper, radio, and television outlets.

News Conference

On June 20, 2012, PAO conducted a news conference at the State Capitol to issue a Consumer Alert about rampant illegal and deceptive ads placed on Internet bulletin board sites like the popular craigslist website (www.craigslist.org). CSLB was joined by the state contracting boards of Arizona, Nevada, and Oregon, as well as the National Association of State Contractors Licensing Agencies (NASCLA), in issuing the nationwide alert.

To illustrate the seriousness of the problem, simultaneous enforcement operations were conducted in California, Arizona, Nevada and Oregon the week of June 11, using craigslist ads as a basis to identify suspects. In California, undercover sting operations led to the arrest of 100 suspects, which included one convicted murderer and two registered sex offenders. Arizona's sting operation resulted in 15 investigations; the Nevada board issued 23 citations to craigslist advertisers; and Oregon's stings resulted in 16 individuals being cited for bidding and advertising violations. At the June 20 news conference, two state legislators joined CSLB representatives in warning consumers that if they use craigslist or other bulletin board websites to hire a contractor, they face a real risk of hiring someone whose only goal is to rip them off. Attended by multiple statewide news media outlets, the conference helped remind anyone planning construction work to first check the status of a contractor license with CSLB to make sure it is in good standing.

News Releases

PAO continued its policy of aggressively distributing news releases to the news media, especially to publicize enforcement actions and undercover sting operations. Between May 14, 2012 and August 28, 2012, PAO distributed 12 news releases.

Date	News Release Title
May 18, 2012	Second Annual Cal-Neva Border Blitz Nets 16 Phony Contractors
May 25, 2012	Bay Area Serial Offender Lands Back on CSLB's Most Wanted List
May 29, 2012	CSLB Busts Repeat Offender and Eight Others in Fresno for Home Improvement Contracting Fraud
June 20, 2012	Contractors State License Board Warns Consumers about Illegal and Deceptive Internet Advertisements
June 29, 2012	Construction Lien Protection Laws Change July 1, 2012
July 9, 2012	Operation Underground Takes Aim at "Off the Books" Activity
July 13, 2012	Nine Caught Unlawfully Contracting in Siskiyou County
July 26, 2012	Six Phony Home Improvement Contractors Snared in San Bernardino
July 30, 2012	Dozen Caught in CSLB Scotts Valley Sting Operation
August 1, 2012	Illegal Operator Learns the Hard Way in Riverside County



August 15, 2012	Contractors State License Board Warns Consumers Not to Pay More than 10% Up Front
Date	News Release Title
August 28, 2012	Unlicensed Tree Trimmer Faces Felony Charge after Contractors State License Board Targeted Sting in Monterey County

INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS:***California Licensed Contractor Newsletter***

The summer 2012 edition of the licensee newsletter, *California Licensed Contractor*, was posted online in July and was mailed to all CSLB licensees in early August.

Industry Bulletins

PAO continues to alert industry members to important and interesting news by distributing Industry Bulletins. Bulletins are sent out via email on an as-needed basis to a group of almost 4,600 people and groups. This includes those who signed up to receive the bulletins via CSLB's new Email Alert system. Between May 14, 2012 and August 16, 2012, two Industry Bulletins were distributed.

Date	Industry Bulletin Title
July 11, 2012	New Mechanics Lien Release Forms Available on CSLB Website
July 25, 2012	CSLB Encourages All Licensed Contractors to Take Quick Marketing Survey

Application Instructional Video

PAO staff has completed its first tutorial video for the CSLB license application. The video explains the various application sections with tips on how to complete it correctly. Scripting for the video was created with the assistance of the Licensing division, with particular attention paid to parts of the application where staff has identified sections with high error rates.

The video is now available on the CSLB website and on CSLB's YouTube page.

PUBLICATION HIGHLIGHTS:**CSLB Publications**

Since the June Board meeting, several publications were completed, moved into production, or are being reviewed and designed.

Publications Completed

- 10 Tips Cards (English/Chinese reprint)
- What You Should Know Before Hiring a Contractor (Spanish reprint)
- *California Licensed Contractor Newsletter* (Summer 2012 Edition)

Publications in Progress

- Terms of Agreement (English)
- Asbestos (English)
- 2012-13 CSLB Strategic Plan
- Master Consumer Publication (new)
- Master Contractor Publication (new)



- Sting Brochure (new)
- *California Licensed Contractor* Newsletter (Fall 2012 Edition)

COMMUNITY OUTREACH HIGHLIGHTS:**Senior Scam StopperSM Seminars**

Interest in Senior Scam StopperSM seminars increased since a promotional/informational brochure and letter was sent to each legislator last September. The letter was personalized and showed elderly population statistics in the legislators' districts.

In addition to providing information about construction-related scams and how seniors can protect themselves when hiring a contractor, Senior Scam StopperSM seminars feature expert speakers from many local, state, and federal agencies who present broader topics, including identity theft, auto repair fraud, and investments scams.

Governor Brown's Executive Order B-06-11 put travel restrictions in place for all non-enforcement activities, including Senior Scam StopperSM seminars. CSLB will continue to schedule seminars, and request travel exemptions in order to deliver these fraud-prevention presentations. To date, all travel requests have been approved.

Note: No seminars are being scheduled with legislators running for re-election within one month of the November election.

The following seminars have been conducted or were scheduled since the Board's June meeting:



Date	Location	Legislative Partners
May 18, 2012	San Francisco	Sen. Leland Yee
June 13, 2012	Stockton	Cong. Jerry McNerney
June 25, 2012	Brentwood	Cong. Jerry McNerney
June 29, 2012	San Jose	Asm. Nora Campos
August 1, 2012	Sacramento	Asm. Roger Dickinson
August 10, 2012	Los Angeles	Asm. Holly Mitchell
August 13, 2012	Roseville	Asm. Beth Gaines
August 17, 2012	Watsonville	Asm. Bill Monning Asm. Luis Alejo
August 22, 2012	Lincoln	Asm. Beth Gaines
August 24, 2012	Los Angeles	Sen. Ted Lieu
September 6, 2012	San Jose	Asm. Nora Campos



September 7, 2012	Tarzana	Sen. Fran Pavley
Date	Location	Legislative Partners
September 13, 2012	San Diego	Asm. Marty Block
September 14, 2012	San Jose	Asm. Jim Beall, Jr.
September 17, 2012	Chino	Sen. Gloria Negrete McLeod Sen. Bob Huff
September 18, 2012	Pomona	Sen. Gloria Negrete McLeod Sen. Bob Huff
September 20, 2012	Palo Alto	Asm. Richard Gordon
September 21, 2012	San Leandro	Sen. Loni Hancock Sen. Ellen Corbett
September 24, 2012	Riverside	Asm. Kevin Jeffries
September 25, 2012	El Monte	Sen. Dr. Ed. Hernandez, O.D.
September 26, 2012	Rosemead	Sen. Dr. Ed Hernandez, O.D.
September 27, 2012	La Puente	Sen. Dr. Ed Hernandez, O.D.
October 5, 2012	Montebello	Sen. Ron Calderon
November 14, 2012	Vallejo	City of Vallejo

Speakers Bureau

CSLB speakers continue to be in demand. Since more requests are for enforcement-related topics, most of the requests are being accommodated by utilizing Enforcement division staff. More than two dozen presentations or appearances have either been made or have been scheduled since the beginning of 2012.

EMPLOYEE WELLNESS HIGHLIGHTS:

Due to the latest Government furlough orders, PAO has been forced to suspend the Employee Wellness program at both the main headquarters office in Sacramento and southern headquarters in Norwalk.



Contractor Rumors, Scams, CSLB Warnings and DUI

August 27, 2012

Common wisdom says you always consider the source when evaluating a statement, offer or claim. That is doubly wise for consumers who are falling victim to unlicensed contractors making Internet pitches for work. These bad operators muddy the waters for the licensed good guys doing business legitimately. A significant problem that government is fighting on your behalf...

Leave it to unscrupulous individuals to ruin a good thing. Popular Internet bulletin board sites like Craigslist have seen a jump in excessive illegal and deceptive ads, which prompted the CSLB — and contracting boards from Arizona, Nevada and Oregon — to jointly issue a “consumer alert”.

The agencies are warning consumers that if they use Craigslist or other similar websites to find a contractor, they face a real risk of hiring someone whose only goal is to rip them off. According to the CSLB, the unusual step of issuing a consumer alert is being taken because of the growing problem that Craigslist has not adequately addressed.

“Craigslist serves as a valuable tool to legitimately licensed and insured contractors, offering them a free advertising vehicle to connect with consumers,” said CSLB Registrar Steve Sands, “Unfortunately, hundreds, if not thousands, of unlicensed or unscrupulous contractors are breaking the law every day by posting deceptive or illegal ads, and Craigslist has done little to address the issue.”

In addition to protecting consumers, these Contractor Boards are concerned that allowing these illegal and deceptive ads to be posted unfettered creates an un-level playing field, where licensed and insured contractors cannot compete. To illustrate the seriousness of the problem, simultaneous enforcement operations were conducted last week in California, Arizona, Nevada, and Oregon, using Craigslist ads as a basis to identify suspects.

In California alone, undercover sting operations conducted in eight different cities led to the arrest of 100 suspects. Three-quarters were identified from Craigslist ads. One suspect is a convicted murderer, while two others are registered sex offenders. All suspects now face a variety of charges, including contracting without a license and illegal advertising.

The issue of illegal online advertising isn't new. CSLB addressed the problem with the Internet site in 2006 and 2007. As a result, Craigslist placed a link at the top of its “Skilled Trade Services” page to license information and to the California Department of Consumer Affairs website.

According to Assemblymember Bill Berryhill (R-Stockton), CSLB's enforcement operations have bipartisan support from the state legislature. “It is important that consumers who hire unlicensed contractors truly understand their own liability.”

Assemblymember Bill Monning (D-Carmel) applauded the work of CSLB to protect California consumers and to crack down on the underground economy. “These citations and arrests protect not only consumers, but also law-abiding contractors who cannot compete and are going out of business.”

Q: I have been licensed since 1999 in good standing. A company wants me to become Responsible Managing Officer (RMO). I pled 'no contest to a DUI in 2011. Now with this on my record will the state deny my ability to RMO this company? Can I keep my Sole Owner license active?

A: In the large majority of cases, one DUI would not prevent you from becoming a Qualifier as RMO. However, if you're currently on probation the CSLB may require that you wait until this is completed. Regarding your second question, you'll need to have at least 20% ownership of the company that you qualify. If you own less than 20% then you'll be required to inactivate your Sole Owner license.

When choosing contractor, ask advice of experts

By Janine Penner, From Dixieline ProBuild

August 23, 2012

Q: We're remodeling our kitchen and looking for contractors. How do we choose the right contractor and make sure they're reputable?

A: The best way to find someone reputable is to ask a professional — a certified kitchen designer (CKD) or an expert at your local home improvement store — so you're off to a good start. There are about 300,000 licensed contractors in the state; that can be an intimidating pool to wade through. Often your CKD or home improvement store will have contractors they trust at the ready, saving you a lot of time and trouble. If you're going it alone, it's time for a little homework. Here are a few tips for locating and interviewing potential professionals:

Get references: Check websites like Yelp or Angie's List to learn from the good (and bad) experiences of others in your situation. Reach out to the contractors you like and ask for references. If they can't provide references, that's a red flag. Ask references about the quality of the work, the adherence to the time frame and budget discussed and generally what it was like to work with the contractor.

Make sure they're licensed and bonded: In California, anyone who contracts to perform work on a project valued at \$500 or more for labor and materials has to hold a current, valid license from the Contractors State License Board of California (CSLB). Found a contractor you like? Ask for their license number and check the CSLB website (www.cslb.ca.gov) to make sure he or she is actively licensed and bonded. Licensed professionals have passed a state-approved test, and, in a worst-case scenario, you have recourse to take action against them if they don't follow through on the job.

Get the right contractor for the job: Any Chuck with a truck can tell you he can install your whole kitchen for you, but don't be fooled. You want your contractors licensed and bonded for each individual job in your kitchen. Your general contractor will usually be in charge of the overall project and will coordinate any specialty contractors for specific jobs like installing your cabinets, plumbing, electrical, etc. General contractors might be able to install your entire kitchen, but only if they hold current licenses in each individual area.

Ask about their business: You want to make sure your contractor's business is stable because you want someone who's likely to be around in a year in case you have any issues down the road with the work.

Get estimates: Narrow your choices down and get three estimates. Be cautious if two prices are close and one is ridiculously low. If it sounds too good to be true, it is.

Get it in writing: Once you've chosen a contractor (or contractors), make sure to put anything you discuss around your remodel in writing. Don't sign off on anything that's halfway done. Understand the payment structure and make sure you've both agreed to it in writing. Keep copies of all documents in a file.

LAKE COUNTY NEWS

Police investigate fight between Clearlake man, county supervisor

By Elizabeth Larson

August 23, 2012

CLEARLAKE, Calif. — The Clearlake Police Department is investigating a Tuesday night fight between a Clearlake man and a county supervisor who was engaged in business for his bail bonds company.

Lt. Tim Celli said the incident involved 55-year-old Clearlake resident Robert Sanders and 52-year-old Rob Brown of Kelseyville.

Brown, who chairs the Lake County Board of Supervisors, also owns a bail bonds business.

Celli reported that Clearlake Police officers responded to a reported disturbance at 3747 Buckeye St. at 9 p.m. Tuesday.

When they arrived on scene they contacted both Sanders and Brown, Celli said.

Celli would offer few details about what occurred during the fight, stating only that Brown had gone to the residence to serve civil paperwork regarding the property and that, while serving the paperwork, a confrontation between the two men ensued.

Police officers contacted both Sanders and Brown, who each claimed they were assaulted by the other, Celli said.

Initially neither of the men wanted the other arrested or prosecuted but Celli said Sanders changed his mind as officers were complete the call and said he wanted Brown prosecuted.

"It's still under investigation," Celli said Wednesday afternoon, saying he could offer no further comment on the case specifics.

He said the police reports already had been submitted to the Lake County District Attorney's Office for review.

Lake County News attempted to call the Sanders family, but their phone was disconnected.

In Facebook messages with Robert Sanders' wife, Jan, on Wednesday, she declined to speak to Lake County News directly about the incident, only alleging that Brown's version of the story was not true.

Washington state resident Lynda Smith, Jan Sanders' half-sister, said she doesn't believe the account her sister and brother-in-law gave of the incident.

"They'll lie for anything, just to make themselves look good," Smith said. "They'll play the victims."

Dispute arises over bail in sex abuse case

Smith's distrust about the Sanderses' account arose from a sexual molestation case involving their son.

Robert and Jan Sanders are the parents of Christopher Sanders, who in January was sentenced to 41 years in state prison for committing a lewd act with a child, lewd act with a child by duress, continuous sexual abuse of a child and statutory rape.

Christopher Sanders had been found guilty by a jury last year of sexually abusing his young stepdaughter for a three-year period, beginning when she was 11 years old.

Smith said the Sanderses lied to her and the rest of the family about Christopher Sanders' case, and convinced them at one point that he was innocent.

As a result Smith and her husband Tim took \$25,000 from his retirement and loaned it to the Sanderses to go toward their son's defense. The Sanderses are now refusing to pay the money back, which Smith recounted in a January 2012 letter to Lake County News; the letter can be read at <http://bit.ly/Pe4Zpm>.

Brown said he was owed \$20,000 by the family for a bail bond that which was active over a three-year period while Christopher Sanders' case went through the courts. They had paid the \$10,000 annual premium owed for the first year, and Brown had not demanded the following two annual payments up front but had tried to work out arrangements with them.

After the 41-year sentence was handed down to their son, Brown said Bob and Jan Sanders refused to pay the outstanding bail amount, claiming their son was set up. Brown said they never disputed the actual bond contract.

Betty Welch, Christopher Sanders' grandmother, put up the property at 3747 Buckeye St. — next door to her home — as collateral on the bond, according to Brown.

In Facebook posts attributed to Jan Sanders, she claimed that while her mother signed the deed she and her husband Bob owned the house.

That statement appears to conflict with county assessor records, which showed that Betty Welch and her husband, Orville, owned the property up until American Contractors Indemnity Co. took it in foreclosure, with the trustee's deed recorded on Aug. 13. A separate deed transferred it to Rob and Kim Brown on Aug. 17, but the assessor's office said the transfer hasn't been finalized in its system.

Assessor's records also showed that Bob Sanders had a mechanic's lien on the property at one point, but that he didn't appear to have owned the property. That lien could have been because he furnished materials while acting as a contractor, according to the assessor's office.

Sanders did have a contractor's license which expired in March 2011, according to the Contractors State License Board.

Jan Sanders also stated on Facebook that Brown was there to inform them that he was taking their home, a fact which Lynda Smith said her sister had known long before that point.

Brown said he canceled the foreclosure sales six times since the proceedings began last year, trying to work things out. He said this is the first time he's taken a property in foreclosure.

He said that, against the advice of friends and family, he didn't start an eviction but had wanted to give the couple a last chance to rent the property or buy it back.

Brown was at a special evening session of the Board of Supervisors on Tuesday night at Kelseyville High School. The meeting ended shortly before 8 p.m. and he left the school at about 8:10 p.m. — at the same time that this reporter left the school — to pick up his wife, Kim, to go to Clearlake to speak with the Sanderses.

Due to insurance requirements, the house needed to be inspected, and the law requires a 24-hour notice to a home's occupants in such cases. Brown said he was going to give the Sanderses notice that he wanted the inspection to take place on Friday, and he carried with him a letter from an attorney explaining the request.

When he knocked on the door, Brown said Jan Sanders opened it then slammed it shut, and was cursing at him.

Brown said Bob Sanders then came out in his bathrobe and started to charge him — calling him scum, a thief and a "good ol' boy." Sanders demanded Brown leave his property or he was going to call the police, which Brown urged him to do.

He said Bob Sanders came at him again. At that point Brown told Sanders he was going to wait nearby for police and turned and started toward the gate. Jan Sanders remained in the house at this point, he said.

When Brown turned to walk away, he said Bob Sanders came up behind him and grabbed his left arm above the elbow to spin him around. Brown said he believed Sanders was spinning him around to hit him.

"When he spun me around he caught a right hook to the jaw, and that was pretty much the end of the hunt right there," Brown said.

Brown said Sanders was knocked backwards but didn't fall. Brown said he then walked off and waited for police to show up. He said he didn't know the two officers who arrived to investigate.

Jan Sanders said in a Facebook post that she and her husband asked Brown to leave, and alleged that Brown instead punched Sanders in the jaw and twice in the ribs.

Further fallout

Smith said her stepmother and Jan Sanders' mother, Betty Welch, spent everything she had on her grandson's court case and ended up losing her home next door to her daughter and son-in-law. Smith said the Sanderses didn't take Welch in, so she had to go live with her son in Idaho.

Smith, who said she and her family are distancing themselves from the Sanderses, said she "couldn't be happier" for Brown.

She said she's accepted she will never get back the money she and her husband loaned for their nephew's defense, and actually feels that the experience helped reveal the Sanderses' true nature.

For that reason, "It was the best \$25,000 I ever spent," Smith said.

Brown said he has no intention of asking that Bob Sanders be prosecuted, adding that he wasn't hurt and that he understood that Sanders was upset about losing his home.

As for Bob Sanders seeking prosecution of him, Brown said he believes the District Attorney's Office should forward the case to the California Attorney General's Office for review.

Jeri Spittler, a Clearlake businesswoman, vice mayor of Clearlake and friends of the Sanderses', jumped into the fray on Wednesday, circulating an email to District Attorney Don Anderson, members of the Board of Supervisors, Clearlake Mayor Joey Luiz, City Manager Joan Phillipe, Clearlake Police Chief Craig Clausen and Sheriff Frank Rivero in which she said Jan Sanders contacted her on Tuesday night after the incident.

Spittler repeated the Sanderses' version of the story — with the exception that she said they called her to say the police were at their home at 10 p.m. not 9 p.m. — and the claim that police refused to arrest Brown.

She said Bob Sanders is a plumber who donated all the plumbing to the youth center and that he was "clearly" assaulted by Brown.

"Mr. Brown has no right to call on them at 10 at night," she wrote. "Bob called the PD and Mr. Brown began to leave. Then Mr. Brown returned saying this is my property, I'll wait for the PD. This is when the assault took place, Bob asked Mr. Brown to leave and Mr. Brown began to hit him in the stomach (sic) and the face. Bob had marks on his face and stomach (sic) from the assault. Bob only asked Mr. Brown to leave his property."

She added, "I have know the Sanders for 20 years, Bob is a good man and should not have to be assaulted in his own home. If Mr. Brown feels he has a valid complaint then he should go through the courts and not take it upon (sic) himself to trespass (sic) and assault a man in front of his wife and granddaughter."

Spittler wrote that she was "not impressed with our PD, an assault had clearly taken place, and Mr. Brown is not above the law."

Brown said Spittler doesn't know what she's talking about, and her criticisms of the officers on scene are unfair.

"She should leave law enforcement to the highly qualified Clearlake city police department and go back to the studio and do someone's hair and nails," he said.



Capitol Connection Q&A for Contractors - Week of August 20, 2012

By Shauna Krause & David Kalb, Capitol Services, Inc.

When a contractor finds a situation that defies understanding, who are you going to call? Over the years our readers have found answers here and learned plenty from the misfortune of others. We go in depth for our first contractor's inquiry, and discover if your materials supplier can demand a large down payment?..

Q: We are looking for help in clarifying the license requirements for the following: One of our customers is upgrading their existing underground fire lines within their property. It is a large site with multiple buildings. The new lines for this portion of work would tie into existing underground fire lines and run to either an exterior fire hydrant or exterior post indicator valve (PIV). At no time would we be installing the line to the interior of the building or altering any of the existing interior fire or alarm systems. It is strictly underground water piping, valves, vaults, and fire hydrants.

In this case would a class "A" (General Engineering) license be sufficient for the work or would a "C-16" license be required? Our problem is that the City is telling us we must have the "C-16" class. For your information, we also hold a "C-34" classification. Thank you for your time and efforts on behalf of contractors.

A: Nice speaking with you this afternoon. In our opinion you can definably handle this type of work with an "A" or "C-34" classification. While a local building department may have more stringent requirements than the Contractor's Board, your company should be able to move forward on this project without the "C-16". Michael Brown, a former Board employee who worked for the CSLB for 25 years, backed up this opinion. The current CSLB Classification Deputy also feels your current classifications are proper. He stated, "if the scope of work is underground piping that supplies the fire suppression system, then the "A" or "C-34" may perform this scope of work".

Q: I love to read your columns in our local builder's exchange and thank you in advance for any insight you may be able to offer.

It is my understanding that as a supplier, (not an installer in any way, shape or form) we can collect deposits for material that must be special ordered. Our problem is that sometimes the material can take 8 to 12 weeks to arrive and then may sit in our yard for weeks more before the Contractor is actually ready for it. Typically we require a 50% deposit to place the order, and when the material arrives in our yard, we invoice for the balance of the material. Are we doing anything that could get us in hot water? What is the appropriate B & P code that can be cited for this issue? I realize the contractor has limitations (10% of total job?) that they may collect as a deposit.

A: Thanks for your email. Your question is very timely in that the CSLB just issued a press release warning consumers "Not to pay more than 10% up front". However, as a material supplier, we're not aware of any restrictions regarding how much of a down payment you receive from a contractor or homeowner. As referenced in one of our prior columns, B&P Code 7052, exempts suppliers from, what would otherwise be, a 10% deposit restriction. We hope this information helps.

The Carmel Pine Cone

Husband and wife plead guilty to contractor fraud, other charges

August 17, 2012

A Monterey couple who prosecutors said operated a home-improvement, paint and window-installation business pleaded guilty to a host of criminal charges, including working without contractor's licenses.

Daniel Kenneth Furness, 60, pleaded guilty Aug. 3 to six felony charges and three misdemeanors, while his wife, Collen Ann Gsell, 57, pleaded guilty to nine misdemeanor charges, according to Monterey County Deputy District Attorney Robert J. Lauchlan, Jr.

Between 2002 and 2011, Furness and Gsell operated Window Design and Fresh Paint, furnishing and installing windows and doors, painting houses and advertising for home improvement work without licenses, in violation of the California Business and Professions Code.

"Documents which Furness or Gsell signed, and which were filed with public offices," according to Lauchlan, "were false because they alleged that Furness had no criminal record and had not received citations from the Contractors State License Board."

Furness and Gsell used contractor license numbers issued to other people and charged their customers excessive down payments, according to the district attorney's office.

The couple also understated the number of employees and the amount of payroll of their corporation in order to avoid disability and unemployment insurance and taxes that employers are required to pay for workers.

The two, conspired to file false corporate and personal income tax returns, did not report their cash income and credit card payments, and deducted payments from workers who were not provided W-2 or 1099 tax forms.

"In addition, Furness and Gsell conspired to aid and abet two workers in filing false personal income tax returns," according to Lauchlan. "Rather than paying them raises, the workers were issued false Forms 1099-MISC for less than the amounts they were paid, resulting in false personal income tax returns for the workers."

Furness faces more than 11 years in prison, while Gsell faces nine years, when they are sentenced. Monterey County Superior Court Judge Pamela L. Butler will set the couple's sentencing Sept. 26 in a Salinas courtroom.

Investigator David Leary with the Contractors State License Board, a special agent with the Franchise Tax Board, and Anne M. Yusim, a former Monterey County District Attorney Investigator helped Lauchlan with the case.

Register **Pajaronian**

Organizations tell seniors to look out for scams

By Todd Guild

August 17, 2012

WATSONVILLE — In an effort to help seniors understand how to protect themselves from criminals who target them, a group of nonprofit organizations gathered at the Watsonville Senior Center Friday for a "Senior Scam Stoppers" seminar.

Senior Scam Stoppers is a 13-year-old program run by the California Contractors State License Board.

Hosted by Assembly members Luis Alejo and Bill Monning, the seminar featured a Watsonville Police detective, a representative from the Santa Cruz County District Attorney's Office, the California Contractors State License Board and a handful of other organizations.

"Unfortunately, seniors are often targeted as easy prey for scam artists and cons such as work provided by unlicensed contractors, identity theft and auto repair fraud continue to occur undetected because victims are often too embarrassed to report these types of crimes," Monning said.

Register **Pajaronian**

Senior Scam Stoppers meeting in Watsonville Friday August 16, 2012

WATSONVILLE — Assemblymen Luis Alejo (D-Salinas), Bill Monning (D-Santa Cruz) and the Contractors State License Board invite seniors, care providers and family members to a free Senior Scam Stopper seminar in Watsonville on Friday.

Experts will provide tips on how to protect and prevent fraud related to home repair, insurance, health, care, finances, and identity theft. Local agencies/organizations will also be on site to talk about their services.

"These seminars are empowering for seniors who are often targeted during these tough economic times," says Alejo. "I strongly encourage all seniors, care providers, and relatives to attend to learn how to protect yourself and your loved ones."

According to the Contractors State License Board of California, the counties of Santa Cruz, San Benito and Monterey are projected to see an increase of seniors in the following years. With the alarming under reported number of senior scams, these types of seminars are the best way to protect members of our community.

Lunch will be provided by the Watsonville Senior Center at 11:30 a.m. for those who confirm their attendance with Alejo's office. Call 759-8676 or send an email to Leticia.Perez-Aceves@asm.ca.gov.



Capitol Connection Q&A for Contractors - Week of August 13, 2012

By Shauna Krause & David Kalb, Capitol Services, Inc.

When a client says they will 'take our word for it' there is no greater compliment. With more than 30 years assisting contractors at Capitol Services we know the greatest measure of success is satisfied customers. It's just one of the reasons contractors often come back with another question knowing they will find an answer...

Q: I used to work for our local Builder's Exchange and because of that, I know you're the right person to address this question to: If a contractor is using their last name as their business name – "Smith Construction Company" owned by John Smith - is a fictitious business name statement required?

A: I looked up the individual you are referring to and he is licensed under the company name of "Smith Construction Co". The CSLB does not require proof that he has a fictitious business name on file; however, we suggest that he file a dba with the city or county where he is doing business.

Q: You helped us get our license in CA, NV, and AZ and we've had an issue come up recently. We have re-structured our corporation and ownership has shifted. Are we required to inform the Contractors Board or file something with the Secretary of State's offices to inform them of the change?

A: Nice to hear from you again. You're not required to inform the CSLB or the Secretary of State of your ownership changes. However, if officers have changed, then you should update both the Contractor's Board and the Secretary of State in all three states. Please note that ownership changes may affect tax liability so we suggest also conferring with a tax specialist.

Q: At a school in the State of Nevada, a 1 sq ft of possible ACM drywall/joint compound was removed without a contractor's license for abatement; can they be cited for that? Isn't non-regulated asbestos less than 10 sq ft?

A: The Nevada Statute that deals with your question states that if a licensed contractor who is engaging in activity for the abatement of asbestos has not obtained a contractor's license, which is classified for the removal of asbestos (sub-classification A-23), the licensed contractor may not: "Remove more than 25 linear feet or 10 square feet of asbestos-containing material, as defined in 29 C.F.R. 1926.1101(b)"

Q: I just purchased a company, which provides construction materials to contractors. The company never had a contractor's license and I was told they did not require one. Now a contractor who wants to use our materials says he thinks I should be licensed and does not want to accept my bid unless I can prove whether a license is required. He has read your column for years and said he'll take you at your word to settle this issue. Do I need a license?

A: Based on our discussion, it does not appear your company is required to hold a contractors license since you're only supplying these materials. To cite 'chapter and verse' in the B&P Code, 7052 states a contractor's license is not required for any person "who only furnishes materials or supplies without fabricating them into, or consuming them in the performance of the work of the contractor"

Monterey couple pleads in unlicensed contractor case

By Sunita Vijayan,

August 8, 2012

A Monterey couple has pleaded to criminal charges connected to a home improvement business they ran illegally, the Monterey County District Attorney's Office said.

On Aug. 3, the District Attorney's Office said, Daniel Kenneth Furness, 60, pleaded to six felony and three misdemeanor charges while his wife, Coleen Ann Gsell, 57, pleaded to nine misdemeanor charges.

They said the couple operated their businesses, "Window Design" and "Fresh Paint," from 2002 to 2011 without a any contractor's license. The District Attorney's Office said documents the two signed and filed with public offices were false as it was alleged that Furness didn't possess a criminal record and hadn't received citations from the Contractors State License Board. Additionally, they said, the home and main office address as well as a phone number of the couple were entered as contact information for other people, with their names signed by Furness or Gsell. The District Attorney's Office said liens and lawsuits were recorded and filed, falsely stating that labor or material were furnished, and amounts were due and unpaid from homeowners. They said documents also alleged that the corporation operated by the couple was a licensed contractor.

Other violations include using contractor license numbers of others and charging homeowners excessive downpayments, the District Attorney's Office said. They said the couple also filed quarterly reports that allowed them to evade disability and unemployment insurances, and taxes. The District Attorney's Office said the couple also conspired to help two workers file false personal income tax returns.

The two are scheduled for sentencing and a potential restitution hearing on Sept. 26. Furness faces seven years and six months in prison in one case, and three years and eight months in the other. His wife faces seven years in prison in one case, and two years in the second.



THE SOULVINE

By Betty Pleasant

August 8, 2012

HELP IS ON THE WAY — California State License Board member Jane Kreidler will join Assemblywoman Holly J. Mitchell Friday at a "Senior Scam Stopper" event at which state officials will provide information to prevent senior citizens from becoming victims of fraud and scams. The event will be held from 9 to 11 a.m. in the Tom Bradley Family Source Center at 5213 W. Pico Blvd.



Call Kurtis: Fix My Peeling Bathtub!

By Kurtis Ming
August 7, 2012

Cindy Martel looked at her peeling bathtub and knew it was a problem, she said.

"It's just been getting worse and worse," she said.

She said her bathtub refinishing contractor doctored her contract so it wouldn't have to fix her tub under the warranty. That's when she called Kurtis.

After she signed the contract, she said the contractor penned in more wording, saying there would be no warranty.

Just two weeks after she paid \$475 for the refinish and what she thought was a warranty — the company insisted it wouldn't fix it for free, she said.

Whirlbath Refinishing's contract, emailed to her before the visit, said there's a five-year warranty on manufacturer defects.

So why did the company say she didn't have a warranty?

"They're not holding up to their end," she said.

When CBS13 contacted the company, it sent its contract reading "no long term warranty."

But in Martel's copy emailed to her ... the handwritten part voiding the warranty isn't here.

"I don't know who to turn to," said Martel, insisting technician Tim Schrader didn't give her a copy before he left.

Schrader told CBS13 the version emailed to her is different, but insisted the handwritten part was written in before she signed it.

The reason he canceled the warranty? "Multiple prior refinishes ... and a leaky faucet," which Martel said he never mentioned and her faucet never had.

"This is not a good way to operate your business," said the Contractors State License Board's Rick Lopes of not issuing copies of receipts.

He said companies should always give customers a copy of the same contract they sign — especially if there are any updates or changes.

"It certainly does not meet the entire law as far as what the contractor is supposed to provide to the consumer," he said.

After CBS13 got involved, Schrader agreed to fully strip and then refinish her tub and worked out a deal to provide a new one-year warranty.

Martel said it shouldn't have taken so long.

"I would not use them or recommend them," she said.

Martel said she never would have gone with this company if she knew there would be no warranty.

Because Whirlbath didn't issue a new copy of the updated contract, the state said Martel's version would be considered the valid copy.

CALPASC Continues Pushing For Investigative Clean-Up Of Construction Industry
August 2, 2012

SACRAMENTO, Calif., Aug. 2, 2012 /PRNewswire via COMTEX/ -- For months, the California Professional Association of Specialty Contractors (CALPASC) has been pushing for coordination of state agencies to clean up the underground economy. As reported earlier, the creation of the Criminal Investigation Unit (CIU), under the Department of Industrial Relations' Division of Labor Standards Enforcement (DLSE), focused on "raising the stakes for those who underpay, underbid and under-report in violation of the law." The intent behind the CIU is to train staff on appropriately investigating and identifying possible criminal violations in the industry. The focus on "digging deeper" continues to be welcomed by California's specialty contractors who recognize the need to put significant efforts into breaking up the underground economy that, according to media reports, is costing California about \$7 to \$8 billion annually in lost tax revenue. "We know it's not easy to reign in the cheaters given their level of sophistication," said CALPASC Executive Director Brad Diede. "When you read about the complexity of the \$70 million "cheat-to-compete" scheme reported about workers' compensation fraud and money laundering in Florida, it's not hard to understand the need for thorough and appropriate investigation efforts to catch perpetrators, and we believe the DLSE and California's Labor Commissioner are committed to doing this."

During the last week in July, CALPASC participated in a construction enforcement coalition meeting, which continued to focus on the need for and role of investigative efforts. Representatives from employers, businesses, associations and labor heard from a number of enforcement agencies, including DLSE, the Orange County District Attorney (OCDA) investigators, the Labor Commissioner, the Riverside County investigators, the Department of Insurance (DIR) and the Contractors State License Board. The Commissioner indicated "more resources are going toward construction than any other industry" but because there is not enough staff, "training of existing staff is important" particularly on the correct protocol of digging deeper around duplicitous acts.

"We have pushed for a focus on investigations of flagrant violators versus compliant contractors, and the Labor Commissioner and other DIR chiefs acknowledge that training and accountability of staff is something they are continuing to work on," said Diede. "The various agencies have indicated a real willingness to listen to us on how efforts are playing out in the field and to consider ideas we advance for overall enforcement improvement."

As part of the overall efforts, DLSE is trying to educate employers on how to strengthen compliance with California laws. OCDA developed a presentation to educate other agencies and awarding authorities on the questions to ask and information to collect when hiring a legitimate contractor. For example, OCDA suggests checking licenses throughout a project and calling previously awarding bodies to ask if they would hire contractors again and how well they performed on the jobsite.

CALPASC initiated the LEVEL Program in 2010 to urge state agencies to work closely together in catching general contractors, builders and subcontractors who intentionally violate labor and safety laws and regulations to gain an unfair advantage over law-abiding contractors.

The California Professional Association of Specialty Contractors is a nonprofit 501(c)6 trade association advocating on behalf of trade contractors and suppliers of building materials in California. CALPASC is committed to educating members on complex issues and advancing safety and compliance within the building industry.

SOURCE California Professional Association of Specialty Contractors (CALPASC)



Dozen Caught in Scotts Valley Sting Operation August 2, 2012

Twelve people working without contractor licenses and other violations of state home improvement laws must appear in Santa Cruz County Superior Court after being caught in a Contractors State License Board (CSLB) sting operation on July 26, 2012. CSLB's Statewide Investigative Fraud Team (SWIFT) investigators partnered with the Santa Cruz County District Attorney's (DA) Office and Scotts Valley Police Department for a one-day sting where investigators sought bids for such home improvements as painting, carpentry, and landscaping at a Scotts Valley residence.

The 12 individuals who bid more than the state limit of \$500 (combined labor and materials) received a notice to appear (NTA) in court. State law requires a license for home improvement and construction contracts that are more than \$500. Two face charges for soliciting excessive down payments. It is against the law to solicit or accept a down payment larger than 10 percent or \$1,000, whichever is less, for a home improvement contract. Eight also face illegal advertising charges. Contractors are required to place their license number in all online, print, and broadcast advertisements. Those without licenses can legally advertise for jobs valued at less than \$500, but their ads must state that they are not licensed contractors.

One of those caught was former licensee Mathew Bean (#660719), whose license was revoked in 2006. Scotts Valley Police arrested and booked William Louis Piette for an active \$10,000 warrant out of Santa Clara County on drug-related charges.

"Always make sure any contractor you hire to work on or around your home has a license that is in good standing with CSLB," said CSLB Registrar Steve Sands. "It only takes a minute to check CSLB's website for details about your contractor."

SWIFT investigators and partners followed the sting with a series of job site sweeps on Friday and Saturday, July 27 and 28, 2012, in Aptos, Freedom, Santa Cruz, Scotts Valley, Soquel, and Watsonville. Three stop orders and citations with fines totaling about \$35,000 were issued in Aptos, Scotts Valley and Watsonville to licensed contractors and unlicensed operators who did not have workers' compensation for onsite employees.

The unlicensed operator in Scotts Valley had seven employees and was working on a home remodel for a realty company. Proper building department permits had not been pulled for that job. Four citations for contracting without a license and illegal advertising were issued to illegal operators in Santa Cruz, Soquel, Watsonville and Freedom. Another was cited in Aptos for contracting on an inactive or suspended license.

The 12 who received NTAs on July 26 are scheduled for arraignment at 9 a.m. on September 26, 2012, Santa Cruz County Superior Court.

CSLB urges consumers to follow these tips before hiring anyone to work on their home:

Only hire state-licensed contractors; ask to see their license and a photo ID to verify their identity.

Always check the license number on CSLB's website at www.cslb.ca.gov or www.CheckTheLicenseFirst.com to make sure the license is in good standing, and that employees are covered by workers' compensation insurance.

Don't pay more than 10 percent or \$1,000; whichever is less, as a down payment. There is an exception for about two dozen licensees who carry special bonds to protect consumers. These exceptions are noted on CSLB's website.

Don't pay in cash, and don't let payments get ahead of the work.

Get at least three bids, check references, and get a written contract.

The Contractors State License Board operates under the umbrella of the California Department of Consumer Affairs. More information and publications about hiring contractors are available on CSLB's website or by calling 800-321-CSLB (2752). CSLB licenses and regulates California's 300,000 contractors, and is regarded as one of the leading consumer protection agencies in the United States. In fiscal year 2011-12, CSLB helped recover nearly \$36 million in ordered restitution for consumers.

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NAME - WORK CLASS - VIOLATIONS

Mathew George Bean - Painting - Contracting without a license, illegal advertising, using a revoked license number

Jose Dolores Amaya Escobar - Painting - Contracting without a license, illegal advertising, soliciting excessive down payment

Silverio Escobar - Painting - Contracting without a license, illegal advertising, soliciting excessive down payment

Gabe A. Harris - Painting - Contracting without a license

Jeremy Douglas Miller - HVAC - Contracting without a license

Gregory Edward Oliver - Landscaping - Contracting without a license

William Louis Piette - Framing and Rough Carpentry - Contracting without a license

Jose Luis Rodriguez Paniagua - Landscaping - Contracting without a license, illegal advertising

J. Jesus Paniagua Rodriguez - Landscaping - Contracting without a license, illegal advertising

Raymond Alan Rafeiro - Painting - Contracting without a license, illegal advertising

Paul William Reiter - Painting - Contracting without a license, illegal advertising

Derek Abdiel Scott - Painting - Contracting without a license, illegal advertising

REGION: Seven nabbed in sting targeting unlicensed contractors
August 2, 2012

A half-dozen men and a woman were arrested during a Norco sting targeting unlicensed contractors.

Mario Benjamin Diaz, Jeffrey Lawrence Manka, Brenda Lizette Navarro, Ruben Perez-Palacios, Cesar Antonio Rabago, Rolando Hernandez-Torres and David Jawregni Velazquez were nabbed during an undercover operation conducted at a residence on Monday and Tuesday, according to the Contractors State License Board.

During the sting, an agent posing as a property owner asked contractors to submit bids on home improvement work valued at more than \$500. Under state law, anyone doing a job for that amount of money must be licensed.

The seven suspects are allegedly unlicensed, but put in offers to do the repairs anyway, state officials said.

Three of the bidders also allegedly asked for down-payments in excess of 10 percent of the total value of the work, a misdemeanor violation known as "soliciting excessive down payments," according to the state.

The agency said one suspect, Marka, was cited in a previous sting in Murrieta earlier this year.

The Hemet resident could face up to 90 days in jail and \$5,000 in fines if convicted in both the Murrieta and Norco cases, authorities said.

Six of the suspects were cited for illegal advertising. Three of them had posted information on Craigslist, according to the state board. State law requires that all credentials ---- including contractor license numbers ---- be supplied in ads.

Officials reminded people planning to hire a contractor for residential or commercial work to keep the following in mind:

- any contracting job valued at more than \$500 requires a license;
- unlicensed contractors can perform work that costs less than \$500, but they must disclose that they're not licensed in ads, according to state law;
- before anyone hires a contractor, they should verify the person's license via the CSLB's website, www.checkthelicensefirst.com;
- obtain at least three bids; and
- never pay more than 10 percent of the total estimated cost of a job, or \$1,000, whichever is less.



Capitol Connection Q&A for Contractors - Week of July 30, 2012

By Shauna Krause & David Kalb, Capitol Services, Inc.

When you need something quickly do you expect to get it from a government agency? We find ourselves 'standing up' for a contractor who needs some 'active' defense in keeping his license. We offer an 'expert' opinion for a lawyer, and help everyone learn more about RMO/RME requirements in CA...

Q: Is there any way to get the CSLB to issue an opinion – quickly – whether a license is needed for a particular kind of very specialized work? It looks like a gray area to me, so I am trying to provide our client with options, which at this point would seem to be either get a license or get CSLB to say that one is not required. What information do you (and the Board) need from us?

A: To secure a response – quickly or otherwise – from the CSLB we'll need to know very specifically what work your client will be performing. It has been our experience over the years that even if only a small portion of the project involves actual construction a company is required to hold a contractor's license. Let us know if you or your client would like us to move forward on this request.

Q: I have a case where a client of ours is being sued. I know the statutes basically require that the contractor be able to prove that their license is active and good standing during the time the work was being performed. Can you get us that proof in a hurry? We have a court case due to start in less than a month.

A: You're referring to B&P Code Section 7031 (d), which states that if there is a dispute regarding the status of a contractor's license, then "proof of licensure pursuant to this section shall be made by production of a verified certificate of licensure from the Contractors State License Board..." We can help you secure this Certified License History and, inasmuch as you have an upcoming court date, should have it in hand well before the start of your hearing.

Q: I know I've read this in one of your prior columns, but could you remind me if my license number needs to be included on an informal bid. I was asked to give someone a quote on a small bathroom remodel and wanted to keep it simple.

A: A license number should be included on all construction contracts, subcontracts and BIDS as well as all forms of advertising. It's not a big deal why not just list the number?

Q: I read your column regularly and don't recall seeing any questions regarding expert witness. I would like to consider retaining someone on behalf of my client. Is this something you have done before or do you know anyone who can act in this capacity?

A: I have personally served as an expert witness on numerous court cases, mediations, arbitrations, etc. I also know other experts that may be able to assist you and your client. It all depends on the exact situation call me to discuss the specifics.

Q: I am applying for a new corporate license and I am trying to determine whether I should apply as an RME or RMO (Responsible Managing Employee or Officer). I am a Vice President, but don't have any ownership or salary at the present time. Are there any requirements that state that an RMO has to have ownership, and are there any salary requirements for an RMO?

A: An RMO means that your title with the company is President, Vice President, Secretary, Treasurer, Director or a related position. The CSLB does not have any ownership or salary requirements for Officers as RMO's however you are responsible for exercising DIRECT supervision and control over the company's construction operations.

Dozens Caught Working Without Contractors Licenses in Scotts Valley Sting

July 31, 2012

Twelve people working without contractor licenses and other violations of state home improvement laws were cited on July 26 after being caught in a Contractors State License Board (CSLB) sting operation.

CSLB's Statewide Investigative Fraud Team (SWIFT) investigators partnered with the Santa Cruz County District Attorney's Office and Scotts Valley Police Department for a one-day sting where investigators sought bids for such home improvements as painting, carpentry, and landscaping at a Scotts Valley residence.

The 12 individuals who bid more than the state limit of \$500 (combined labor and materials) received a notice to appear in court. State law requires a license for home improvement and construction contracts that are more than \$500.

Two face charges for soliciting excessive down payments. It is against the law to solicit or accept a down payment larger than 10 percent or \$1,000, whichever is less, for a home improvement contract. Eight also face illegal advertising charges. Contractors are required to place their license number in all online, print, and broadcast advertisements. Those without licenses can legally advertise for jobs valued at less than \$500, but their ads must state that they are not licensed contractors.

One of those caught was former licensee Mathew Bean, whose license was revoked in 2006. Scotts Valley Police arrested and booked William Louis Piette for an active \$10,000 warrant out of Santa Clara County on drug-related charges.

"Always make sure any contractor you hire to work on or around your home has a license that is in good standing with CSLB," said CSLB Registrar Steve Sands. "It only takes a minute to check CSLB's website for details about your contractor."

SWIFT investigators and partners followed the sting with a series of job site sweeps on Friday and Saturday, July 27 and 28, in Aptos, Freedom, Santa Cruz, Scotts Valley, Soquel, and Watsonville. Three stop orders and citations with fines totaling about \$35,000 were issued in Aptos, Scotts Valley, and Watsonville to licensed contractors and unlicensed operators who did not have workers' compensation for onsite employees.

The unlicensed operator in Scotts Valley had seven employees and was working on a home remodel for a realty company. Proper building department permits had not been pulled for that job. Four citations for contracting without a license and illegal advertising were issued to illegal operators in Santa Cruz, Soquel, Watsonville, and Freedom. Another was cited in Aptos for contracting on an inactive or suspended license.

The 12 who received notices to appear are scheduled for arraignment at 9 a.m. on Sept. 26 at the Santa Cruz County Courthouse.

CSLB urges consumers to follow these tips before hiring anyone to work on their home:

- Only hire state-licensed contractors; ask to see their license and a photo ID to verify their identity.
- Always check the license number on CSLB's website, www.cslb.ca.gov or www.CheckTheLicenseFirst.com, to make sure the license is in good standing, and that employees are covered by workers' compensation insurance.
- Don't pay more than 10 percent or \$1,000, whichever is less, as a down payment. There is an exception for about two dozen licensees who carry special bonds to protect consumers. These exceptions are noted on CSLB's website.
- Don't pay in cash, and don't let payments get ahead of the work.
- Get at least three bids, check references, and get a written contract.

Thinking About Tackling That Home Improvement Project Yourself?

By Sandy Reed

July 30, 2012

If so, the Contractors State License Board has a few words of wisdom for you on their website at www.cslb.ca.gov. Here's what they say: "Anyone who talks you into being your own general contractor, or "owner/builder", may be doing you no favor "Owner/builder" describes a situation in which the homeowner becomes the general contractor. As an owner/builder, you (not the person you hire) assume responsibility for the overall job.

Your responsibilities may include such things as state and federal taxes, workers' compensation insurance, and other legal liabilities.

You may be required to hire various subcontractors for your project, scheduling their work and supervising the job. If a worker is injured while working on your property, you could be asked to pay for injuries and rehabilitation through your homeowner's insurance policy.

By signing a building permit application as an owner/builder, you assume full responsibility for all phases of your project and its integrity. "

They also go on to say:

"Hiring an unlicensed "consultant" to manage the project does not save you money in the long run. By hiring a licensed experienced contractor for your project, to hire licensed knowledgeable tradespersons, the contractor becomes responsible for all phases of construction.

Unless you are very experienced in construction, it is best to leave these matters to your licensed contractor."

If you just can't resist the idea of trying to save a little money by being a "owner/builder", Uniquity Builders offers a Do-it-Yourself consultation service. We're here when you need us. Just call us at 209-772-9200 or 800-498-1833.

CA Roundup Hooks Unlicensed Painters

July 30, 2012

California is continuing its crackdown on off-the-books contractors, including painters.

In the second sweep in two weeks, the Contractors State License Board (CSLB) nabbed six suspected unlicensed contractors last week, including four who had bid on painting work at a "sting home" the board used in San Bernardino, CA.

CSLB

California's sting operations are intended to educate unlicensed workers about state laws and to encourage those who qualify to get licenses, the agency says.

One of the painters also had a \$20,000 outstanding warrant for drug charges. Police took the suspect to jail, where he was also booked for being under the influence of a controlled substance and possession of drug paraphernalia, CSLB said.

The Charges

All of the individuals bid in excess of \$500; California law requires a license for home improvement and construction contracts of more than \$500. The six suspects also face charges of soliciting excessive down payments. California law prohibits soliciting or accepting a down payment larger than 10% or \$1,000, whichever is less.

Four of the contractors will also face illegal advertising charges. Contractors are required to place their license number in all online, print, and broadcast advertisements. Those without licenses may legally advertise for jobs valued at less than \$500, but their ads must state that they are not licensed contractors.

Two of the suspects had placed ads on Craigslist, CSLB said.

Sending a Message

"CSLB and its law enforcement partners are sending a message to illegal operators that failure to comply with state laws that protect consumers will not be tolerated," said Steve Sands, CSLB registrar.

"This activity creates unfair competition for legitimate, licensed contractors who obey state laws and regulations and cheats state taxpayers who pay their fair share instead of cash payments under the table."

The contractors will face arraignment Oct. 11 in San Bernardino County Superior Court.

Paint Contractors Nabbed in CA Sting

July 26, 2012

Painters and other contractors in the Sacramento, CA, area have been caught up in the state's latest undercover sting operation, aimed at cracking down on unlicensed, uninsured operators.

The round-up July 11 included one painting contractor who had an outstanding arrest warrant for driving on a suspended license.

Such stings are a regular enforcement activity in California, where the Contractor's State License Board aggressively monitors contractor licensing, insurance and advertising.

Answering the Call

In the latest sweep, investigators from the board's Statewide Investigative Fraud Team (SWIFT) team sought bids for residential painting, concrete, roofing, tile and landscaping at a home in Weed, CA.

The contractors who responded and bid more than \$500 for labor and materials face misdemeanor charges for contracting without a license. Some also face charges for illegal advertising.

California requires contractors to place their license number in all advertisements. Those without a license may advertise to do jobs valued at less than \$500, but their ads must state that they are not a licensed contractor.

Site Sweep

The day after the Weed arrests, investigators from SWIFT, the local District Attorney's Office and police, and the Department of Insurance fanned out for a sweep of various construction sites throughout Siskiyou County to identify unlicensed and uninsured contractor activity.

Inspections in seven communities found all contractors had licenses and appropriate workers' compensation insurance.

In an eighth area, however, authorities slapped a stop-work order on a home rebuilding project led by Daniel George Beauchene.

Beauchene was charged with contracting without a license and failing to secure workers' compensation insurance for his four employees at the site. The order prohibits Beauchene from working until he obtains a valid workers' compensation policy and entitles his workers to up to 10 days' worth of pay.

'Underground Activity'

"CSLB and its law enforcement partners have put unlicensed contractors on notice that underground economic activity will not be tolerated," said CSLB Registrar Steve Sands. "Not only does the activity put our state consumers at risk, but it also creates unfair competition for legitimate, licensed contractors who obey state laws and regulations."

Suspects caught in the July 11 sting operation are scheduled for arraignment Sept. 11.



An El Dorado Hills viewer spent more than \$100,000 on a pool, but the contractor didn't pay a subcontractor, who then went after our viewer. It was time to call Kurtis.

If a contractor doesn't pay a supplier, or workers who worked on your home, they can come after you by putting a lien against your property. The homeowner caught up in this mess, Rafael Gallardo first contacted us in May and while there's progress in his case, he's still waiting for a resolution.

"Got a pool!" Gallardo exclaimed.

That's a big improvement from when we first met him in May, when his unfinished dream pool had turned into a nightmare.

He paid Murphy's Pools but Murphy's Pools failed to pay a subcontractor.

"That infuriated us. My wife went ballistic, I went ballistic," Gallardo told us in May.

The subcontractor is now suing Gallardo for the \$14,298 that's owed and put a lien on the home. It's a situation the Contractors State License Board's Venus Stromberg says is preventable.

"Issue joint checks, which are checks that are made out to both the prime contractor and the materials supplier or the subcontractor," said Stromberg.

That way you're sure everyone gets paid, since the prime and subcontractor must sign the check in order to cash it.

And after work with a subcontractor is done, demand your contractor get the subcontractor to sign this unconditional lien release form.

"By signing that they're basically stating that they have been paid and they're giving up their lien rights," said Stromberg.

You can legally withhold payment to your prime contractor if he doesn't get the release from the subcontractor.

Lien release forms can be found at the CSLB's website.

The law regarding those forms was recently re-written. So if you have an ongoing project, make sure you have the updated forms.

"I would make sure that there was a contractors lien release form filled out for every single contractor," said Gallardo.

He learned those lessons the hard way, but he says, since our story aired, Murphy's Pools has nearly finished his job and is beginning to pay off that bill to the subcontractor.

"I have faith that he will do it. It's just a wait and see game," said Gallardo.

Gallardo says the subcontractor has put the lawsuit against him on hold for now while Murphy's pools makes payments.

We reached out to Murphy's Pools to see when that debt will be paid off, but we didn't hear back.

REGION: Plea deal ends insurance case

By Sandra Stokley

July 24, 2012

Dozens of fraud and forgery charges against the co-owners and chief financial officer of a Rancho Cucamonga disaster-restoration company have been dismissed under a plea agreement, a prosecutor said Tuesday, July 24.

Instead, the company owned by Steven Manchester and Bob Roberts Jr., SCMS Inc., doing business as ServiceMaster, entered guilty pleas to two felony counts of insurance fraud and was stripped of its contractors' license and ordered to pay \$103,000 in fines and restitution.

Raul and Lorena Velasquez, who lived in what was then unincorporated Mira Loma, were among the customers who told investigators they turned over a \$165,000 check to the company and never saw repairs to their fire-damaged home.

"We got the best agreement we could out of this," said David W. Simon, the lead San Bernardino County deputy district attorney in the San Bernardino County District Attorney's workers' compensation fraud unit.

The plea agreement, reached Friday, July 20, was approved by Superior Court Judge Mary E. Fuller.

Attorney Jeffrey Benice, who represented Roberts and SCMS Inc., said the resolution of the case left his client "ecstatic."

"All charges were dismissed against my client and now he can move forward with his life," Benice said.

Manchester and Roberts, who owned the Rancho Cucamonga ServiceMaster independent franchise and Heather Reavis, who worked as the company's controller, were arrested in April 2011 and charged with 45 felony counts, including grand theft and forgery.

Six additional charges of workers' compensation fraud were later filed by the San Bernardino County district attorney's office.

The three had entered pleas of not guilty.

Simon said there was clear-cut evidence of fraud against the company's insurance carriers.

But the charges stemming from disputes involving customer complaints were more ambiguous.

"The evidence showed these disputes with customers were civil wrongs, not criminal, in a lot of respects," Simon said.

As is the case with all plea agreements, the aggrieved parties — in this case the company's insurance carriers and the deputy attorney general representing the Contractors State License board — were kept apprised of the negotiations that resulted in the plea deal, Simon said.

ServiceMaster is a restoration and construction business that is commonly hired following an insured property loss.

Three Workers' Comp Investigations and Audits Opened in South Lake Tahoe

July 10, 2012

Insurance Commissioner Dave Jones today announced that a statewide joint task force in the fight against California's underground economy has netted contractors allegedly operating illegally, resulting in 104 enforcement actions.

"Operation Underground took aim at the "off the books" activity of unscrupulous contractors allegedly operating illegally or without proper coverage for their workers," said Commissioner Jones. "In doing so, they not only failed to protect their employees, but they create unfair competition in California."

"Participants in the state's underground economy are harmful to everyone," said CSLB Registrar Steve Sands. "Anyone who neglects their responsibility to comply with state contracting, insurance, and payroll requirements drives up premiums. At the same time, legitimate licensed contractors are being underbid and struggle because of these illegal business practices."

Detectives from the California Department of Insurance (CDI), the Contractors State License Board (CSLB), Employment Development Department (EDD), and County District Attorneys' offices partnered for a series of sweeps at suspected illegal construction sites on June 20 and 21, 2012. Supplied with information in part from the State Compensation Insurance Fund (State Fund), sweeps were conducted in 11 counties, where enforcement actions were issued for violations including failure to carry workers' compensation insurance, under-reporting the number of workers to obtain cheaper insurance premiums and to pay less payroll withholding tax, and cash payment to hide unregulated practices. Uninsured, untaxed, unlicensed, and unregulated activity is referred to as the underground economy.

Sweeps took place in cities within Alameda, Butte, El Dorado, Kern, Los Angeles, Monterey, Orange, Riverside, San Bernardino, Santa Clara, and Yolo Counties. These actions resulted in 104 enforcement actions against contractors that failed to obtain the appropriate workers' compensation insurance coverage for workers, obtain the required contractor's license, or comply with payroll tax withholding requirements. Some received stop orders for the workers' compensation violations, which means they are not allowed to use employee labor until they obtained a policy for their workers and submit proof of that coverage to CSLB.

Highlights of the two-day operation, by county, are as follows:

Investigators issued two citations for workers' comp violations and stop orders in Pleasanton. One of them also faces contracting without a license charges. In Dublin, one was cited for workers' comp violations and received a stop order (Alameda County).

Investigators in Chico opened one insurance investigation; and two contracting citations are pending in Paradise (Butte County).

Six citations were issued for workers' comp violations, and three investigations and audits were opened in South Lake Tahoe (El Dorado County).

In Bakersfield, two insurance investigations and two EDD investigations were opened (Kern County).

One contractor caught in Inglewood and another in Santa Clarita will face tax audits (Los Angeles County).

One insurance investigation was opened in Salinas and four insurance investigations were opened in Monterey County; three were cited for workers' comp violations in Pebble Beach; one was cited in Carmel for contracting without a license and illegal advertising; and two were cited for workers' comp violations and received stop orders (Monterey County).

Two contractors caught in Riverside face EDD audits, along with one in Temecula (Riverside County). One contractor caught in Ontario received a citation for workers' comp violations and faces an EDD audit; one caught in Chino Hills faces an EDD audit; one contractor at a Fontana jobsite received a citation for aiding and abetting a non-licensee who was cited for contracting without a license and failure to carry workers' comp; and one EDD audit was opened in Upland (San Bernardino County).

Exclusive agent marketing program launches with Betty White

Sixteen EDD audits were opened and one person was cited for workers' comp violations in San Jose; and one EDD audit was opened in Campbell (Santa Clara County).

In Woodland, investigators issued six stop orders for workers' comp violations and opened six investigations for insurance and tax fraud (Yolo County).

"This enforcement activity is a result of the partnership under the Joint Enforcement Strike Force which is made up of various state agencies including CDI, CSLB and EDD to aggressively combat the underground economy," said Jones. "Legitimate businesses that play by the rules are often forced to close their doors because illegal businesses are cheating the system."

Commissioner Jones offers the following tips for consumers when hiring a contractor:

Call the Contractors State License Board at 800-321-2752 or visit their Web site at www.cslb.ca.gov to check a contractor's license number or get further information on home and property repairs.

Deal only with licensed contractors. Ask to see the contractor's "pocket license," together with other identification. If the person claims to be representing a contractor, but can't show you a contractor's license or home improvement salesperson registration card, call the contractor and find out if the person is authorized to act on the contractor's behalf.

Do not do business with a contractor who does not carry the appropriate insurance coverage. If the contractor is not insured, you may be liable for accidents that occur on your property. Ask the contractor if he/she carries general liability and workers' compensation insurance. Request a certificate of insurance (COI) from the contractor that shows the name of the insurance company, policy number and policy limits the contractor carries. Contact the insurance company directly to verify information on the COI.

Don't rush into signing a contract. Collect business cards, interview several contractors, and request multiple bids for comparison. Make sure to read the fine print on all estimates and contracts.

Obtain estimates from at least three contractors before deciding which to hire.

Beware of building contractors that encourage you to spend a lot of money on temporary repairs.

Hire local, licensed contractors when possible, as it is easier to deal with a local contractor if problems develop. However, since it may not always be possible to deal with local contractor, be particularly careful to thoroughly check references for out-of-town contractors.

Get everything the contractor discusses in writing. Also, if changes or modifications occur in the contract terms, they should be acknowledged by all parties in writing.
Book tees up automatic sales

Never sign a contract with blanks that have not been filled in. Unscrupulous contractors may fill in the blanks later with unacceptable terms.

Never pay a contractor for the entire project in advance or before the work is completed. California law requires that the amount of the down payment for any one improvement project, other than for construction of a swimming pool, may not exceed \$1,000 or 10% of the contract price, excluding finance charges, whichever is less.

Be especially suspicious of door-to-door sales people who make unrealistically low estimates, refuse to leave a contract overnight, or try to sell their services by playing on your emotions.

Federal law requires a three-day "cooling off" period for unsolicited door-to-door sales of more than \$25.

Consumers with questions or concerns regarding insurance, or who feel they have been a victim of insurance fraud, are urged to contact the California Department of Insurance at 800-927-HELP (4357) or online at www.insurance.ca.gov.

The Herald

Some Monterey County construction sites caught in sweep on "underground" contracting

By Julia Reynolds

July 10, 2012

At least four Monterey County construction sites were among 133 targeted in a statewide crackdown on "underground" contracting, the Contractors State License Board announced Monday.

The two-day sweep, dubbed Operation Underground, took place in 11 counties starting June 20.

On June 20, at a job site in Pebble Beach, three complaints were filed for unlicensed contracting and employees not being covered by workers' compensation, said state license board spokeswoman Venus Stromberg.

She said, "on three different sites in Carmel, one had a complaint filed for contracting without a license and advertising violations, one licensee was issued a stop order with a pending workers' comp citation and another non-licensee had a complaint filed for contracting without a license and no workers' comp."

Under a stop work order, a contractor can't employ workers until they are insured and proof is submitted to the license board.

An insurance investigation has been opened in Salinas, the board said.

Stromberg said names of the contractors under investigation won't be released until citations are issued.

Some investigations could end with felony charges, while others will likely be cited as misdemeanors.

Besides Monterey County, raids were conducted in Alameda, Butte, El Dorado, Kern, Los Angeles, Orange, Riverside, San Bernardino, Santa Clara and Yolo counties.

Across the state, investigators reported 104 investigations for acts such as failing to carry
Advertisement

workers' compensation insurance, under-reporting the number of workers and using cash to hide "off the books" activity in what investigators referred to as the state's "underground economy."

The operation was conducted by the state's Joint Enforcement Task Force, a combined effort of the state license board, the Department of Insurance, the Employment Development Department and local district attorneys, said Insurance Commissioner Dave Jones.

"Legitimate businesses that play by the rules are often forced to close their doors because illegal businesses are cheating the system," Jones said.

License board officials note consumers can use an online "instant license check" to ensure contractors are legitimate and their employees are covered by workers' compensation insurance. They caution consumers not to pay for services in cash and "don't let payments get ahead of the work."

Temecula Contractor Caught in Statewide Sweep

By Catherine Garcia

July 10, 2012

A Temecula contractor was one of dozens to get caught in a statewide sweep looking for contractors who allegedly under-reported payrolls to skip paying higher workers' compensation insurance and taxes.

Uninsured, untaxed, unlicensed, and unregulated activity is referred to as the underground economy, according to the Contractors State License Board (CSLB).

Investigators from the CSLB, Department of Insurance, and Employment Development Department partnered together for the sweeps that were conducted June 20 and 21. "Operation Underground" caught three contractors in Riverside County that were attempting to hide the number of employees on their payrolls, most likely as a way to avoid paying more in insurance premiums and state withholding taxes, officials said.

Because of ongoing investigations into the cases, the contractors can not yet be publicly identified.

"Participants in the state's underground economy are harmful to everyone," said CSLB Registrar Steve Sands in a statement. "Anyone who neglects their responsibility to comply with state contracting, insurance, and payroll requirements drives up premiums. At the same time, legitimate licensed contractors struggle because illegal operators underbid them."

When hiring a contractor, the CSLB urges consumers to ask to see licenses and photo ID to verify identities and always check license numbers against the CSLB's Instant License Check website to ensure that the licenses are in good standing and employees are covered by workers' comp insurance. Also, don't pay in cash, or before the work is completed.

Investigators snag three Butte County contractors in sweep

July 10, 2012

BUTTE COUNTY — Three Butte County contractors are among 104 snagged in a sweep of illegal construction practices.

It is illegal for contractors to not carry workers' compensation insurance, under report the number of employees to obtain cheaper premiums and pay less in taxes, and pay in cash to hide such activity, according to a press release issued Monday by the Contractors State License Board.

The license board partnered with the state Department of Insurance, the Employment Development Department, and county district attorneys' offices for the sweep June 20 and 21 in 11 counties.

Investigators opened one insurance investigation in Chico and two citations are pending in Paradise, the license board reported.

"Participants in the state's underground economy are harmful to everyone," said Steve Sands of the license board. "Anyone who neglects their responsibility to comply with state contracting, insurance, and payroll requirements drives up premiums. At the same time, legitimate licensed contractors struggle because illegal operators underbid them."

INSURANCE JOURNAL

Calif. Joint Operation Targets Underground Economy

July 10, 2012

A statewide joint task force in the fight against California's underground economy has netted contractors allegedly operating illegally, resulting in 104 enforcement actions, California Insurance Commissioner Dave Jones announced.

Detectives from the California Department of Insurance (CDI), the Contractors State License Board (CSLB), Employment Development Department (EDD), and County District Attorneys' offices partnered for a series of sweeps at suspected illegal construction sites on June 20 and 21.

Supplied with information in part from the State Compensation Insurance Fund, sweeps were conducted in 11 counties, where enforcement actions were issued for violations including failure to carry workers' compensation insurance, under-reporting the number of workers to obtain cheaper insurance premiums and to pay less payroll withholding tax, and cash payment to hide unregulated practices. Uninsured, untaxed, unlicensed, and unregulated activity is referred to as the underground economy.

Sweeps took place in cities within Alameda, Butte, El Dorado, Kern, Los Angeles, Monterey, Orange, Riverside, San Bernardino, Santa Clara, and Yolo counties resulting in 104 enforcement actions against contractors that failed to obtain appropriate workers' compensation insurance coverage, obtain a contractor's license, or comply with payroll tax requirements. Some received stop orders for the workers' compensation violations, which means they are not allowed to use employee labor until they obtained a policy for their workers and submit proof of that coverage to CSLB.

Sweep nets local contractor citations

July 10, 2012

Commissioner's recommendations for hiring a contractor include:

- Call the Contractors State License Board (1-800-321-2752) or check its website at www.cslb.ca.gov for a contractor's license information.
- Deal only with licensed contractors and those with insurance.
- Don't rush into signing a contract; read the fine print.
- Obtain estimates from at least three contractors; get everything in writing.

A statewide sweep has launched 104 insurance enforcement actions, including one in Salinas and four others in Monterey County, over alleged violations by building contractors doing work "off the books," the state insurance commissioner announced Monday.

"Operation Underground" was aimed at "off the books activity of unscrupulous contractors allegedly operating illegally or without proper coverage for their workers," Commissioner Dave Jones said in a news report.

Ron Chesshire, chief executive officer with the Monterey/Santa Cruz Building and Construction Trades Council, called it a big problem locally and statewide.

"If someone is not paying Employment Development (unemployment) insurance to state and federal taxes they are competing unfairly with legitimate contractors," Chesshire said.

Jones agrees. "In doing so, they not only failed to protect their employees, but they create unfair competition in California," he said in the report.

The practice "takes business away from all legitimate contractors," Chesshire said.

The insurance fraud investigations opened locally include one in Salinas. Four others were opened in Pebble Beach and Carmel, and they include allegations of workers' compensation violations as well as contracting without a license and illegal advertising. All received "stop (work) orders," the report states.

Chesshire called Carmel, Carmel Valley and Pebble Beach the "predominant hot spots" for illegal contracting. Why? "That's where the money is," he said, adding that is where large custom homes are built.

Because investigations are ongoing, the individual names of the alleged violators could not currently be released, said insurance commissioner spokesman Dave Althausen. The Salinas case is one of "premium fraud," said Althausen. Those types of cases involve a contractor or business owner who either under-reports the number of employees on their payroll or they mis-classify what a worker does in order to obtain a cheaper insurance premium from their worker's comp carrier, said Althausen.

"That's the two most common (scenarios) that our investigators see," he said. The cases have been referred to the Monterey County District Attorney's Office, which is awaiting more investigative reports, chief assistant District Attorney Terry Spitz said Monday. The seven contractors or sub-contractors involved are "potentially looking at possible criminal charges," said Spitz.

The two-day, statewide sweep took place on June 20 and 21 at suspected illegal construction sites in cities in 11 counties in Northern and Southern California. The enforcement action resulted from a partnership under the Joint Enforcement Strike Force meant to "aggressively combat the underground economy," Commissioner Jones said. Acting on information from the State Compensation Insurance Fund, the sweep was conducted by investigators from the California Department of Insurance, the Contractors State License Board, the Employment Development Department and local district attorneys.

Last month a local meeting was held between representatives from building trades and state agencies to discuss the problem, said Chesshire.

"We discussed the underground economy ... in what has been a big problem for years," said Chesshire. "There's so much money flowing through the underground economy it's not funny," he said. "It's obviously denying the state revenues it should be collecting."

Statewide for 2010-11, it is estimated that cases of "chargeable (contractor) fraud" totaled \$251 million, according to Althausen.

DAILY PILOT

Police: Costa Mesa man kills former business partner

By Joseph Serna

July 9, 2012

Police arrested a Costa Mesa man Sunday after he allegedly shot his former business partner in the Redwood Avenue home they shared.

Thomas Michael Wilhelm, 48, was booked on suspicion of murder and is being held in Orange County Jail in lieu of \$1-million bail.

Just before 6:30 p.m. residents reported hearing a possible episode of domestic violence at the home in the 2900 block and called police, authorities said. Neighbors reporting hearing several gunshots before officers arrived.

Just as officers arrived, authorities said they heard a final shot.

The officers immediately went inside and found the victim, 45-year-old Christian Marie Murray, lying in the bedroom with several gunshot wounds to the chest. She was later pronounced dead at Western Medical Center in Santa Ana.

Wilhelm was found alone in the backyard, police said, and may have tried to shoot himself with a shotgun before they arrived.

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According to police, Wilhelm's relationship with Murray — neighbors said they were a couple — had deteriorated over the past two years, and Sunday's shooting may have been about the business they once shared.

A website the Better Business Bureau attributes to Wilhelm's company, Tom Wilhelm Sprinkler Co., suggests he has been separated from and is no longer associated with the company. A notice under the "about us" section of Wilhelm Sprinkler's site, <http://www.wilhelmsprinkler.com>, says that Wilhelm is an unlicensed contractor.

Murray, who's listed with Costa Mesa as the company's chief financial officer, on June 30 incorporated the business and did not list Wilhelm anywhere on the application, state licensing board officials said.

As recently as June 6, Wilhelm Sprinkler's customers were praising him and his staff on Angie's List, a subscriber-based website where customers review services they've received.

Rick Lopes of the state licensing board said the state was unaware that Wilhelm was associated with Wilhelm Sprinkler when it granted Murray her license because Wilhelm was not on the application.

If he had been, Lopes said, the state would have first required Wilhelm pay off a \$10,700 judgment against him in Marin County from 2008.

On its surface, Murray's application looked just like any other fictitious business name, Lopes said.

The license number and phone number on Wilhelm Sprinkler's website belong to Murray. A listing with the Better Business Bureau lists Murray's website but Wilhelm's phone number.

If comments on the company's website are an indication, the disagreement between Wilhelm and Murray had recently escalated.

Several entries under the "about us" section claim Wilhelm's business was being stolen from him, then they urge people to call Wilhelm's number instead of Murray's that's listed on the site.

Since receiving his contracting license in 1991, Wilhelm has had two civil judgments against him, and his license was suspended twice.

He lost a \$30,400 judgment in 1993 in Orange County, which the state learned of in 1999 and promptly suspended his license. In 2000, he declared bankruptcy and his license was later reinstated.

In 2007, Wilhelm changed his contractor status to inactive. His contracting license expired in 2011.

Wilhelm is scheduled to be arraigned Tuesday. Anyone with information regarding the case is encouraged to call Costa Mesa police detectives at (714) 754-5205.

'Underground Economy' Targeted In Massive Sting Operation

By Toni McAllister

July 9, 2012

A multi-agency sweep dubbed "Operation Underground" that took aim at suspected illegal construction sites has resulted in more than 100 enforcement actions, the Contractors State License Board reported Monday.

Investigators from the Contractors State License Board, the state Department of Insurance, Employment Development Department, and county district attorneys' offices partnered for a series of sweeps at suspected sites June 20 and 21.

Sweeps were conducted in 11 counties, including Riverside County. Two Riverside-area contractors and another in Temecula were among those slapped with citations.

The recent crackdown follows sweeps in March during which 11 alleged bogus contractors were arrested or cited in Murrieta alone.

In total, 104 enforcement actions were issued June 20-21 across the state for failure to carry workers' compensation insurance, under-reporting the number of workers to obtain cheaper insurance premiums and to pay less payroll withholding tax, and cash payment to hide unregulated practices.

Uninsured, untaxed, unlicensed, and unregulated activity is referred to as the underground economy.

Sweeps took place in cities within Alameda, Butte, El Dorado, Kern, Los Angeles, Monterey, Orange, Riverside, San Bernardino, Santa Clara, and Yolo Counties.

The sweeps targeted 133 contractors, suspected of violating the state's labor, employment, tax, and licensure laws. Some received stop orders for the workers' compensation insurance violations, which means they are not allowed to use employee labor until they obtain a policy for their workers and submit proof to CSLB.

"Participants in the state's underground economy are harmful to everyone," said CSLB Registrar Steve Sands in a released statement. "Anyone who neglects their responsibility to comply with state contracting, insurance, and payroll requirements drives up premiums. At the same time, legitimate licensed contractors struggle because illegal operators underbid them."

CSLB spokeswoman Venus Stromberg told Patch the names of the companies nabbed in the sting were not being released yet due to processing and, in some cases, ongoing investigations.

Stromberg said the CSLB urges consumers to follow these tips when hiring a contractor:

- Hire only licensed contractors and ask to see their license and a photo ID to verify their identity. Make sure that all subcontractors also have the appropriate licenses and that the contractor has a good payment history with those supplying project materials.
- Always check the license numbers on CSLB's Instant License Check to make sure the licenses are in good standing, and that employees are covered by workers' compensation insurance.
- Don't pay more than 10 percent or \$1,000, whichever is less, as a down payment. There is an exception for about two dozen licensees who carry special bonds to protect consumers. These exceptions are noted on CSLB's website.
- Don't pay in cash, and don't let payments get ahead of the work.

More information and publications about hiring contractors are available on the CSLB website or by calling 800-321-CSLB (2752).

Contractors cited for payroll fibs

July 9, 2012

Two Riverside area contractors and another in Temecula were among dozens slapped with citations in a statewide sweep targeting contractors who officials say under-reported payrolls to skip paying higher workers' compensation insurance and taxes, state officials reported Monday.

The Contractors State License Board, Department of Insurance and Employment Development Department jointly conducted "Operation Underground" on June 20-21 to check for possible "off the books" activity by 133 contractors, resulting in 104 citations and stop orders, according to the CSLB.

The three contractors in Riverside County were caught attempting to hide the number of employees on their payrolls, presumably to avoid paying bigger workers' comp insurance premiums and state withholding taxes, CSLB officials said.

CSLB spokeswoman Venus Stromberg told City News Service it may take up to a year to complete investigations arising from the two-day sweep.

Misdemeanor or felony charges could be filed, depending on the level of wrongdoing uncovered, she said, adding that, in the meantime, none of the contractors can be identified.

Contractors in 11 counties were cited during Operation Underground.

State cracks down on contractors for workers' comp violations, fraud

By Kelly Johnson

July 9, 2012

A two-day sweep by regulators of contractors operating in California's underground economy resulted in 104 enforcement actions in 11 counties across the state, including several in Woodland.

Investigators issued six workers' compensation violations and initiated six investigations for insurance and tax fraud in Woodland, California Insurance Commissioner Dave Jones announced on Monday.

The California Department of Insurance would not disclose the names of the companies or the contractors it is investigating, a spokesman said.

The statewide joint enforcement strike force operation targeted Woodland and South Lake Tahoe and cities within Alameda, Butte, Kern, Los Angeles, Monterey, Orange, Riverside, San Bernardino and Santa Clara counties. Participating in the sweep were detectives from the Department of Insurance, the Contractors State License Board, the California Employment Development Department and county district attorneys' offices.

With information from the California State Compensation Insurance Fund and other sources, they visited suspected illegal construction sites between June 20-21, according to a news release.

The sweep resulted in actions for violations including failure to carry workers' comp insurance, under-reporting the number of workers in order to pay less for insurance and less in payroll withholding tax, and cash payment to hide unregulated practices.

"Operation Underground took aim at the 'off the books' activity of unscrupulous contractors allegedly operating illegally or without proper coverage for their workers," Jones said in the news release. "In doing so, they not only failed to protect their employees, but they create unfair competition in California."

"Participants in the state's underground economy are harmful to everyone," Steve Sands, registrar of the Contractors State License Board, added in the news release. "Anyone who neglects their responsibility to comply with state contracting, insurance, and payroll requirements drives up premiums. At the same time, legitimate licensed contractors are being underbid and struggle because of these illegal business practices."

Some of the contractors that received workers' comp violations were ordered to stop working until they purchased coverage and submitted proof of that coverage to the Contractors State License Board, according to the news release.

California task force cracks down on unlicensed building contractors

By Marc Lifsher

July 9, 2012

SACRAMENTO -- A surprise sweep for unlicensed building contractors has resulted in 104 enforcement actions by a multi-agency state task force.

California Insurance Commissioner Dave Jones announced Monday that the sweep hit off-the-books operators in 11 counties on June 20 and 21. Investigators carried out the enforcement actions in Los Angeles, Orange, Riverside and San Bernardino counties as well as in Alameda, Butte, El Dorado, Kern, Monterey, Santa Clara and Yolo counties.

"Operation Underground took aim at 'off the books' activity of unscrupulous contractors allegedly operating illegally or without proper (insurance) coverage for their workers," Jones said.

The sweeps looked for contractors who were not licensed by the Contractors State License Board and who did not carry legally required workers' compensation insurance policies. Agents of the state Employment Development Department checked to see whether employers paid unemployment insurance and withheld other payroll taxes.

Most unlicensed contractors work for cash only and offer cut-rate prices because they don't comply with numerous state wage and safety laws.

"Participants in the state's underground economy are harmful to everyone," said license board registrar Steve Sands. "Legitimate licensed contractors are being underbid and struggle because of these illegal business practices."

Three area contractors cited for alleged Workers' Comp violations

July 9, 2012

Two Riverside-area contractors and another in Temecula were among dozens slapped with citations in a statewide sweep targeting contractors for allegedly under-reporting payrolls to skip paying higher workers' compensation insurance and taxes, state officials reported today.

The Contractors State License Board, Department of Insurance and Employment Development Department jointly conducted "Operation Underground" on June 20-21 to check for possible "off the books" activity by 133 contractors, resulting in 104 citations and stop orders, according to the CSLB.

The three contractors in Riverside County were caught attempting to hide the number of employees on their payrolls, presumably to avoid paying bigger workers' comp insurance premiums and state withholding taxes, CSLB officials said.

CSLB spokeswoman Venus Stromberg told City News Service that it may take up to a year to complete investigations arising from the two-day sweep.

Misdemeanor or felony charges could be filed, depending on the level of wrongdoing uncovered, she said, adding that, in the meantime, none of the contractors can be identified.

Contractors in 11 counties were cited during Operation Underground.

"Participants in the state's underground economy are harmful to everyone," said CSLB Registrar Steve Sands. "Anyone who neglects their responsibility to comply with state contracting, insurance, and payroll requirements drives up premiums. At the same time, legitimate licensed contractors struggle because illegal operators underbid them."

Officials reminded people planning to hire a contractor for residential or commercial work to keep the following in mind:

- any contracting job valued at more than \$500 requires a license;
- unlicensed contractors can perform work that's less than \$500, but they must disclose that they're not licensed in ads, according to state law;
- before anyone hires a contractor, they should verify the person's license via the CSLB's website, www.checkthelicensefirst.com;
- obtain at least three bids; and
- never pay more than 10 percent of the total estimated cost of a job, or \$1,000, whichever is less.

Get Fined If You Don't Send California's Preliminary Notice

July 5, 2012

California's new mechanics lien laws are serious about their preliminary notice requirements. Under the new statutes, failing to send a preliminary notice will not only forfeit your mechanics lien, bond claim or stop payment notice rights, but it will also earn you a fine from the California Contractors' State Licensing Board.

What? A fine?

This is not unheard of in the world of mechanics lien laws. Earlier this year we published an article about a contractor in Nevada who was fined for not sending a preliminary notice. That article referenced Washington's Model Disclosure Statement which a contractor must deliver prework or be subject to a fine.

California Civil Code §8216 provides for the penalty:

If the contract of any subcontractor on a particular work of improvement provides for payment to the subcontractor of more than four hundred dollars (\$400), the failure of that subcontractor...to give the [preliminary] notice provided for in this chapter, constitutes grounds for disciplinary action under the Contractors' State License Law.

It's important to remember that this statute only applies to subcontractors and only in those instances when the subcontract amount is over \$400, but these are quite meager limitations and this provision will apply in a vast majority of cases for subcontractors.

When I consult with companies about creating a mechanics lien policy and sending preliminary notices to preserve lien rights on every project, one of the frequent hesitations we hear is that the party doesn't want to send preliminary notices because they have "relationships" to preserve at the project, and they don't want to scare off their customers or business.

There are hundreds of reasons why this fear is misplaced (see: Preliminary Notices Will Not Scare Your Customer). California Civil Code §8216 threatening "disciplinary action" upon subcontractors is a reminder that preliminary notices are a fact of business in the construction world. Property owners and prime contractors get tons of them on every project and will not be offended by yours. Plus, it's mandated by law that you do send them, or face discipline.

Contractors State License Board Makes New Mechanics Liens Forms Available

June 29, 2012

SACRAMENTO – The Contractors State License Board (CSLB) wants to inform licensees of changes in the state's mechanics lien law effective July 1, 2012. While these changes don't substantially change the laws, they do change the wording and formats of the notice and lien release forms required to protect contractors' lien rights.

The new law replaces the 20-Day Preliminary Notice with the Preliminary Notice. Subcontractors and materials suppliers should use the newly-worded forms. The Preliminary Notice should be delivered to the homeowner in person or by certified, registered, or first-class mail, with a receipt of the mailing as proof. You may give notice any time before work starts or product is delivered and up to 20 days after. If the Preliminary Notice is given more than 20 days later, you are only able to receive payment for work or products supplied 20 days before notice was given, and anytime thereafter.

The Notice of Mechanics Lien wording is also changed in the new law. This notice must accompany the claim of lien and be sent via certified, registered, or first-class mail, with the receipt as proof of mailing. Failure to send the notice with the claim could result in the lien being unenforceable.

The conditional and unconditional lien release forms have also changed. Make sure you have subcontractors and suppliers sign the new conditional forms as progress payments are owed and when the project is finished before they are given final payment. Have them sign the new unconditional release forms when they receive progress payments and their final payment.

The new law gives the homeowner 15 days instead of 10 to file a notice of completion with the county recorder. If notice is filed, the contractor has 60 days and subcontractors 30 to record a lien. If there is no notice filed all parties have 90 days to record a lien.

Work as a contractor illegally, face a hefty fine

By Christopher Fox Graham

June 29, 2012

The bumper stickers read "Licensed contractors build confidence."

More than 150 unlicensed contractors illegally doing business in four Western states are learning that the hard way following a multi-state sting operation.

The Arizona Registrar of Contractors joined with the State of Oregon's Construction Contractors Board, the Nevada State Contractors Board, the California Contractors State License Board and the National Association of State Contractors Licensing Agencies to operate the sting. Each of the four states set up sting "bait houses" and had investigators pose as homeowners who hired contractors to offer bids on home repairs.

The agencies targeted unlicensed contractors who placed ads on Craigslist.com, a free nationwide classified ad website, and other, similar online bulletin boards. While many legitimate, licensed contractors use Craigslist to advertise their services, the ads are illegal and deceptive if the contractors claim they are licensed when they are not.

Saturday News Briefs

June 29, 2012

Construction lien protection laws change July 1

The Contractors State License Board says consumers who are hiring contractors for home improvement projects that legislation concerning liens against their property takes effect on Sunday, July 1.

While the new laws don't substantially change protections for property owners, the wording and formatting of the release and notification forms have been altered. Property owners should use the new release forms after July 1, and contractors should use the new preliminary and mechanics lien notice forms to protect property from liens and uphold lien rights.

Under California law, a contractor, subcontractor, laborer, or materials supplier who does not receive payment for the services or goods they provide can record a lien against the property to force its sale and pay them what they are owed, provided they give proper notification. This provision of California law, which has existed since the 1850s, is known as a mechanics lien.

Even if the person who is owed does not foreclose on the lien, when a lien is recorded it remains on the property title until it is cleared. Having a lien on the property title can affect the owner's ability to sell, refinance, or obtain a line of credit on it.

The new versions of the conditional and unconditional lien release forms are available on CSLB's website.

Get Garcia, Get Results: Contractor Helps Military Family Scammed by Unlicensed Landscaper

By Ana Garcia, Robbi Peele and Consuelo McAboy
June 28, 2012

Frank "Corky" Quatrino says he feels good that he was able to help the military family that hired what turned out to be an unlicensed landscaper who left them with a hefty bill and an unfinished yard as they were relocating to the 29 Palms military base. Quatrino says he was inspired to help after first seeing the Alemans' story on the NBC4 News. Ana Garcia reports for the NBC4 News at 11 p.m. on June 27, 2012.

Frank "Corky" Quatrino and his daughter were watching NBC4 News and saw the story of Regina Aleman, who was moving her three children to 29 Palms military base to be with her husband when an unlicensed contractor she found online left her with a hefty bill and an unfinished yard.

At his daughter's suggestion, Quatrino, who owns Lakeview Patio in Huntington Beach, decided to help the Alemans.

In an attempt to fix up her house and rent it out while the family moved to the military base, Regina hired Jonathan Rede to landscape their back yard after she found his ad on Craigslist.

Rede said he could do the job for \$1,700 and asked for a deposit of \$1,000 – more than 50 percent and far more than the 10 percent deposit allowed by law.

Experts say when customers pay too much money up front, there is little incentive for the contractor to actually do the work – a lesson Regina learned the hard way. She wrote the check, but said Rede abandoned the job shortly thereafter then, she said, repeatedly ignored her phone calls.

When Rede stopped working on Regina's backyard, it was a barren blight, nothing but dirt, and filled with debris.

Quatrino got Purchase Green to donate the synthetic turf it manufactures, and Quatrino donated his time and workers to transform the yard into a lush oasis for new renters to enjoy.

"It makes me feel good that I am able to help somebody," Quatrino said.

"He is a very sweet person," Regina said about Quatrino. "I just feel blessed and happy that somebody wanted to help us out and fix our yard for us."

Regina and her kids have now been reunited with her husband and their father, Marine Sgt. Christopher Aleman, on base. They plan to rent their house soon.

During the first investigation, a Get Garcia producer called Rede and asked him to come out to give her an estimate on her yard.

Rede wanted \$1,055 for the job and a \$250 deposit. That was nearly 25 percent of the estimate – again, more than the 10 percent allowed by state law.

What Rede did not know was that NBC4 News consumer reporter Ana Garcia was inside the house and wanted to talk to him.

"Hi, Jonathan Rede, Ana Garcia with NBC 4 News. We've been looking for you," Garcia told Rede. Rede denied that he owed the Alemans \$1,000.

"I told them to take me to court," Rede told Garcia, adding that he was working without a license.

The Contractors License Board says the best way to protect against phony contractors is to verify their license.



Don't Get Ripped Off! Bogus Contractors Are Out to Scam You Online

By Liz Gonzalez

June 22, 2012

The California Contractors State Licensing Board (CSLB) is seeing a big jump in illegal and deceptive ads from Contractors offering services on popular Internet bulletin board sites like Craigslist.

It's gotten so bad, the National Association of State Contractors Licensing Agencies (NASCLA) has issued a nationwide consumer alert.

The agencies are warning consumers that if they use craigslist or other similar websites to find a contractor, they face a real risk of hiring someone whose only goal is to rip them off. This unusual step is being taken because of the growing problem around the country that craigslist has not adequately addressed.

"Craigslist serves as a valuable tool to legitimately licensed and insured contractors, offering them a free advertising vehicle to connect with consumers," said Steve Sands with the CSLB.

"Unfortunately, hundreds, if not thousands, of unlicensed or unscrupulous contractors are breaking the law every day by posting deceptive or illegal ads, and craigslist has done little to address the issue."

In addition, allowing these illegal and deceptive ads to be posted unfettered creates an unlevelled playing field, where legitimately licensed and insured contractors cannot compete and consumers are led to believe they're hiring licensed professionals.

To illustrate the seriousness of the problem, simultaneous stings took place last week in California, Arizona, Nevada, and Oregon, using craigslist ads as a basis to identify suspects.

In California, undercover sting operations conducted in eight different cities led to the arrest of 100 suspects.

The issue of Illegal online advertising isn't new. CSLB addressed the problem with craigslist in 2006 and 2007. As a result, craigslist has a link at the top of its "Skilled Trade Services" page, that requires license information. The company also added an additional step that requires the user to indicate whether they are licensed.

Regrettably, unlicensed operators quickly found a way around the requirement and now the process is virtually useless.

CSLB has been unsuccessful in getting craigslist to address these concerns.

"We have two goals with this consumer alert," added Sands. "First, we want consumers be aware of potential pitfalls with these bulletin board ads and to know the questions they need to ask before hiring any type of contractor. Second, we want to work with craigslist and any other website that offers online ads, to make sure the ads are legal and don't mislead or deceive consumers."

CSLB urges California consumers to follow these tips before hiring anyone to work in or around their home or business:

- Look for the contractor's state license number. California law requires it to be in all forms of advertising.
- If the contractor doesn't have a state license, the ad must state that fact.
- In California, unlicensed people cannot take jobs valued at \$500 or more (combined labor and materials).
- Don't be misled by unlicensed contractors who give you a business or "handyman" license number.
- Before you call anyone for a bid, check the license number on CSLB's website at www.cslb.ca.gov or www.CheckTheLicenseFirst.com to make sure the license is in good standing, and that there is workers' compensation insurance coverage for employees.
- Contractors are required to have their plastic pocket license or Home Improvement Salesperson registration card with them. Ask to see it when getting your bid.
- Ask to see a photo ID to verify the person's identity.
- Get at least three bids, check references and previous work, and get a detailed written contract.
- Don't pay more than 10 percent or \$1,000, whichever is less, as a down payment.
- Don't pay in cash, and don't let payments get ahead of the work.

Ukiah contractor sting nips LeFeat murderer

By Linda Williams

June 22, 2012

A contractor sting set up by the Contractors State Licensing Board and the Mendocino County District Attorney's office ended up citing eight unlicensed contractors, including Jameson Jackson. Jackson, now 26, murdered Joan LeFeat, a Brooktrails shop owner, in 2001.

A state investigator posed as a homeowner and contacted unlicensed handymen advertising in Ukiah asking them to bid on projects at a "sting" house. Handymen who then bid more than the maximum allowed for non-licensed contractors, \$500, were issued misdemeanor citations for contracting without a license.

Mendocino County District Attorney David Eyster teamed up with the head of the California Contractors board Steve Sands after they met last year in Sacramento and discussed the unlicensed contracting in Mendocino County.

Licensed contractors are required to demonstrate proficiency in their craft, to post a bond for their work and register annually with the state. Licensed contractors must maintain workers compensation insurance for their workers. These licensing requirements provide a level of protection for the consumer against scam or fraud, poor workmanship and worker injuries.

Unlicensed contractors are frequently involved in fraudulent repair schemes, providing too good to be true bids and then running off with the money and leaving the job either not started or in even worse shape. Elderly homeowners are particularly vulnerable to these types of scams. Some unlicensed contractors lie

Advertisement

about being licensed; "borrowing" license numbers from unsuspecting legitimate contractors.

"Homeowners face serious financial loss and risk of worker injury on their property, including potential liability for injuries sustained by a worker not covered by workers' compensation insurance," Eyster said in a press release. "If there is a disagreement or something goes wrong with the project, the homeowner may have few options for recovering their money from an unlicensed contractor. Legitimate, licensed contractors face unfair competition from illegal operators who locally skirt the laws that protect homeowners and workers.

"Homeowners need to be aware of the risk they take when they hire someone who is not licensed to do work in their home," emphasized Sands of the state board.

"Many of these phony contractors are people you really don't want inside your house or around your family," said Eyster. "Always ask if the contractor you are considering is licensed, get his or her license number, and then check that license on the CSLB web site."

Jackson was not the only felon caught up in DA's sting; others had convictions for "drugs, guns, assault and domestic violence," according to Eyster. Jackson was particularly troubling to the DA due to the seriousness of his prior offense.

Jackson was sentenced as a juvenile for LeFeat's murder while his co-defendant Chris Coleman was sentenced as an adult, even though both were 15 at the time of the murder. Jackson was paroled in 2008 just after his 23rd birthday having served only 7 years for his crime.

Jackson was picked up on a traffic stop in Ukiah while on parole in January 2010 even though required by the conditions of his parole to remain out of Mendocino County.

A police investigation at that time revealed he was working in Mendocino County, having spoofed his parole officer by driving to Southern California to attend monthly meetings.

Jackson timed out on his parole in August 2010 when he turned 25. Coleman was sentenced to 25 years to life and remains in state prison.

LAKE COUNTY NEWS

Contractors State License Board warns consumers about illegal and deceptive Internet advertisements June 21, 2012

Excessive illegal and deceptive ads on popular Internet bulletin board sites like Craigslist have prompted the California Contractors State License Board (CSLB) – joined by contracting boards from Arizona, Nevada and Oregon, as well as the National Association of State Contractors Licensing Agencies (NASCLA) – to issue a nationwide consumer alert.

The agencies are warning consumers that if they use Craigslist or other similar Web sites to find a contractor, they face a real risk of hiring someone whose only goal is to rip them off.

This unusual step is being taken because of the growing problem around the country that Craigslist has not adequately addressed.

"Craigslist serves as a valuable tool to legitimately licensed and insured contractors, offering them a free advertising vehicle to connect with consumers," said CSLB Registrar Steve Sands. "Unfortunately, hundreds, if not thousands, of unlicensed or unscrupulous contractors are breaking the law every day by posting deceptive or illegal ads, and Craigslist has done little to address the issue."

In addition, allowing these illegal and deceptive ads to be posted unfettered creates an unlevel playing field, where legitimately licensed and insured contractors cannot compete and consumers are led to believe they're hiring licensed professionals.

To illustrate the seriousness of the problem, simultaneous enforcement operations were conducted last week in California, Arizona, Nevada and Oregon, using Craigslist ads as a basis to identify suspects.

In California, undercover sting operations conducted in eight different cities led to the arrest of 100 suspects. Three-quarters were identified from Craigslist ads. One suspect is a convicted murderer; two others are registered sex offenders.

All suspects now face a variety of misdemeanor charges, including contracting without a license and illegal advertising.

In Arizona, a sting operation conducted by the Registrar of Contractors resulted in 15 investigations into unlicensed contracting.

The Nevada State Contractors Board (NSCB) conducted three undercover sting operations, with 23 citations issued to Craigslist advertisers for advertising in trades without the appropriate state license.

Oregon's Construction Contractors Board (CCB) staged two sting houses that resulted in 16 individuals being citing for bidding and advertising violations.

The issue of illegal online advertising isn't new. CSLB addressed the problem with Craigslist in 2006 and 2007.

As a result, Craigslist has a link at the top of its "Skilled Trade Services" page to license information and to the California Department of Consumer Affairs Web site. The company also added an additional step into the ad posting process that requires the user to indicate whether they are licensed.

Regrettably, unlicensed operators quickly found a way around the requirement and now the process is virtually useless. CSLB said it has been unsuccessful in getting Craigslist to address these concerns.

"We have two goals with this consumer alert," added Sands. "First, we want consumers be aware of potential pitfalls with these bulletin board ads and to know the questions they need to ask before hiring any type of contractor. Second, we want to work with Craigslist and any other Web site that offers online ads, to make sure the ads are legal and don't mislead or deceive consumers."

CSLB's enforcement operations combine forces with other state agencies, and have bipartisan support from the state legislature. "It is important that consumers who hire unlicensed contractors truly understand their own liability," said Assemblymember Bill Berryhill, R-Stockton.

"I applaud the work of CSLB to protect California consumers and to crack down on the underground economy," said Assemblymember Bill Monning, D-Carmel. "These citations and arrests protect not only consumers, but also law-abiding contractors who cannot compete and are going out of business."

Registrar of Contractors Director William Mundell. "This combined effort demonstrates our shared commitment to protecting honest people from the harm caused by unlicensed contractors."

"Contracting without a contractor's license is a serious offense, which ultimately increases a homeowner's risk and liability when having work performed on their home," said Nevada State Contractors Board Executive Officer Margi A. Grein. "The opportunity to team up with other states to educate consumers on ways to protect themselves and demonstrate a unified zero-tolerance stance on the issue is invaluable and one that we hope to initiate again in the future."

"Oregon's commitment to protect consumers and level the playing field for legitimate contractors is a critical agency mission," said Oregon CCB Administrator Craig P. Smith. "Being united with other states helps build public confidence and trust."

The alert is being expanded nationwide by NASCLA, an association of state and local contractor licensing agencies, construction firms, construction trade associations and others associated with the construction industry.

"Non-licensed contractors are a danger to consumers across the nation and give the construction industry a black eye," said Craig P. Smith, 2011-2012 NASCLA President. "NASCLA congratulates the fine work of the state investigators that participated in this enforcement effort."

CSLB urges California consumers to follow these tips before hiring anyone to work in or around their home or business:

- Look for the contractor's state license number. California law requires it to be in all forms of advertising.
- If the contractor doesn't have a state license, the ad must state that fact.
- In California, unlicensed people cannot take jobs valued at \$500 or more (combined labor and materials).
- Don't be misled by unlicensed contractors who give you a business or "handyman" license number.
- Before you call anyone for a bid, check the license number on CSLB's Web site at www.cslb.ca.gov or www.CheckTheLicenseFirst.com to make sure the license is in good standing, and that there is workers' compensation insurance coverage for employees.
- Contractors are required to have their plastic pocket license or Home Improvement Salesperson registration card with them. Ask to see it when getting your bid.
- Ask to see a photo ID to verify the person's identity.
- Get at least three bids, check references and previous work, and get a detailed written contract.
- Don't pay more than 10 percent or \$1,000, whichever is less, as a down payment.
- Don't pay in cash, and don't let payments get ahead of the work.

More information and publications about hiring contractors are available on the CSLB Web site or by calling 800-321-CSLB (2752). You can also sign up for CSLB email alerts.

Contractors State License Board Warns Consumers about Illegal and Deceptive Internet Advertisements

June 21, 2012

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The Contractors State License Board operates under the umbrella of the California Department of Consumer Affairs. CSLB licenses and regulates California's 300,000 contractors, and is regarded as one of the leading consumer protection agencies in the United States. In fiscal year 2010-11, CSLB helped recover nearly \$45 million in ordered restitution for consumers.

Contractors Board cracks down on unlicensed contractors

By Nanette Miranda

June 20, 2012



SACRAMENTO, CA - After conducting eight undercover stings that netted 100 arrests throughout the state last week, the California Contractors State License Board is teaming up with other states to issue a national alert to consumers who use online ads, mainly from Craigslist, to hire someone to do work around the house.

States have been trying to get Craigslist to help crackdown on illegal contractors who use the site to solicit jobs.

"They've been unresponsive, and it's gotten to the point where it's important for us ... and it's our obligation ... to notify consumers that there's a real risk if you do use this," said Rick Lopes with CSLB.

Craigslist did not respond to an email request for comment, but in the past, the company has taken down suspicious ads at the state's request and added a mandatory field for people to put in their contractors license number. If the space is left blank, the word "unlicensed" automatically appears in the ad.

But anyone can just type in anything and consumers can be duped.

Howard Blum fell for one of the ads after needing the roof of his rental fixed. Pictures show that's not exactly what he got for almost \$10,000 from a contractor using someone else's license.

"Unfortunately, I hooked up with an unsavory character who defrauded me, conned me and ripped me off for a bunch of money," said Blum. "They didn't install the roof properly. Period!"

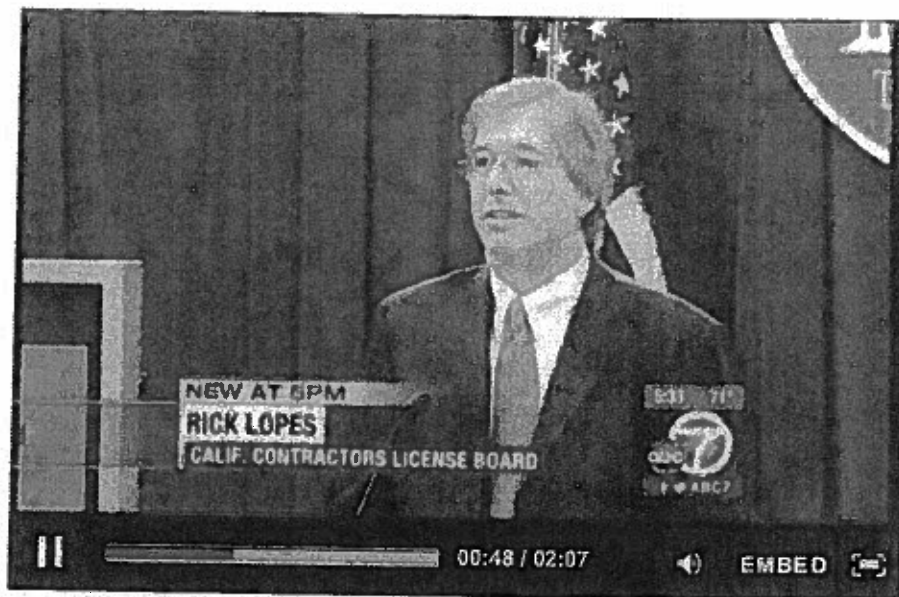
Contractors with licenses are insured and go through a background check. The state can even help you recoup your money if you're ripped off.

Without insurance, homeowners are liable for workers who get hurt on their property.

The sting also shows it pays to know who you're inviting over.

"One of the people we caught was a convicted murderer," Lopes said. "We also caught two registered sex offenders. And that's not unusual."

The state has set up a website called CheckTheLicenseFirst.com enabling you to check if your contractor is legitimate. But as Blum learned, call the holder of that license to make sure he knows it's being used.



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By Sharon Bernstein

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The plumber's ad said he could provide discounts by selling floor models from Lowe's and Home Depot. He had a very professional looking website, and his ads were in both Spanish and English.

But when the plumber arrived to do the job, Guzman noticed that all identifying labels had been removed from the water heater. The retiree became even more uncomfortable when the plumber demanded \$380 in cash.

His suspicions were confirmed the next day, when the water heater began to leak. And the plumber refused to replace it.

Guzman was ripped off by an increasingly common scam, authorities said: contractors who pass themselves off as licensed, when they are really not.

Many, regulators say, are simply crooks.

Just last week, a convicted murderer and two registered sex offenders are among 100 people arrested for fraudulently claiming they were licensed contractors on sites like Craigslist, said Steve Sands, Registrar of the California Contractors State License Board.

Working with law enforcement agencies in eight cities in the state, the board set up a sting aimed at netting people who falsely advertise on the sites, or respond to consumers with fraudulent information.

"Unfortunately, hundreds, if not thousands, of unlicensed or unscrupulous contractors are breaking the law every day by posting deceptive or illegal ads," Sands said in a news release on Wednesday.

He urged consumers to go to his agency's website before hiring any type of contractor. The site provides a way to search contractors by name and also by license number, and consumers can see whether the person they are thinking of hiring has a valid license.

Venus Stromberg, a spokeswoman for the board, said it's also important for consumers to call after the fact, if they feel they've been cheated or treated improperly by a contractor.

Guzman, whose case is still being investigated, said he didn't check out his plumber's license until it was too late. After the man refused to replace the leaking, unmarked heater, Guzman went online, only to learn that the license number was a fake.

He went to a hardware store and spent another \$400 on a new water heater, which he installed himself, the 62-year-old said.

"If you hire someone, check them out first," Guzman said.

Consumers warned about fraudulent Internet advertising

By Jessica M. Pasko

June 20, 2012

SACRAMENTO - Assemblyman Bill Monning is warning consumers to beware of unlicensed contractors who use the Internet to market to unsuspecting and vulnerable homeowners.

Monning joined the Contractors State License Board on Wednesday to announce the success of an undercover operation targeting the fraud. The organization last week partnered with contracting boards in Oregon, Nevada and Arizona to coordinate sting operations resulting in 100 arrests from eight cities in California alone.

Among those arrested in the operation were a convicted murderer and two registered sex offenders. All suspects now face a variety of misdemeanor charges, including contracting without a license and illegal advertising. Fifteen people were arrested in a sting in Palo Alto and will be arraigned on the charges in August in Santa Clara County, according to the Contractors State License Board. Most of them were advertising through Craigslist and the Yellow Pages website.

"The pervasive activity of unlicensed contractors is a serious threat to both our economy and the public's safety," Monning said. "It is critical that homeowners thoroughly investigate any contractors they are considering hiring to ensure they are licensed, as well as to ensure that they are not placing their family's safety and financial security at risk."

Consumers should check the license number of potential contractors at www.cslb.ca.gov or www.CheckTheLicenseFirst.com before hiring anyone to work in or around their home or business.

State warns against some online contractor listings

June 20, 2012

- Says they are easily confused with honest businesses
- 'craigslist has done little to address the issue'

The California Contractors State License Board says consumers should read the ads on craigslist.org and other sites like it with caution if they're looking for a contractor.

The CSLB claims there are "excessive illegal and deceptive ads" on popular Internet sites like craigslist and too often the ads are put there by crooks trolling for victims.

"Craigslist serves as a valuable tool to legitimately licensed and insured contractors, offering them a free advertising vehicle to connect with consumers," says CSLB Registrar Steve Sands. "Unfortunately, hundreds, if not thousands, of unlicensed or unscrupulous contractors are breaking the law every day by posting deceptive or illegal ads, and craigslist has done little to address the issue."

(Editor's Note: Craigslist has not yet responded to a request for comment. If the company does, we'll update the story accordingly.)

Mr. Sands say that the illegal and deceptive ads create an unlevelled playing field, where legitimately licensed and insured contractors cannot compete and consumers are led to believe they're hiring licensed professionals.

To illustrate the seriousness of the problem, simultaneous enforcement operations were conducted last week in California, Arizona, Nevada, and Oregon, using craigslist ads as a basis to identify suspects, he says.

In California, undercover sting operations conducted in eight different cities led to the arrest of 100 suspects. "Three-quarters were identified from craigslist ads," says CSLB. "One suspect is a convicted murderer; two others are registered sex offenders. All suspects now face a variety of misdemeanor charges, including contracting without a license and illegal advertising."

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Craigslist did not respond to an email request for comment, but in the past the company has taken down suspicious ads at the state's request and added a mandatory field for people to put in their contractor's license number. But anyone can just type in anything and consumers can be duped.

Howard Blum fell for one of the ads after needing the roof of his rental fixed. Pictures show that's not exactly what he got for almost \$10,000 from a contractor using someone else's license.

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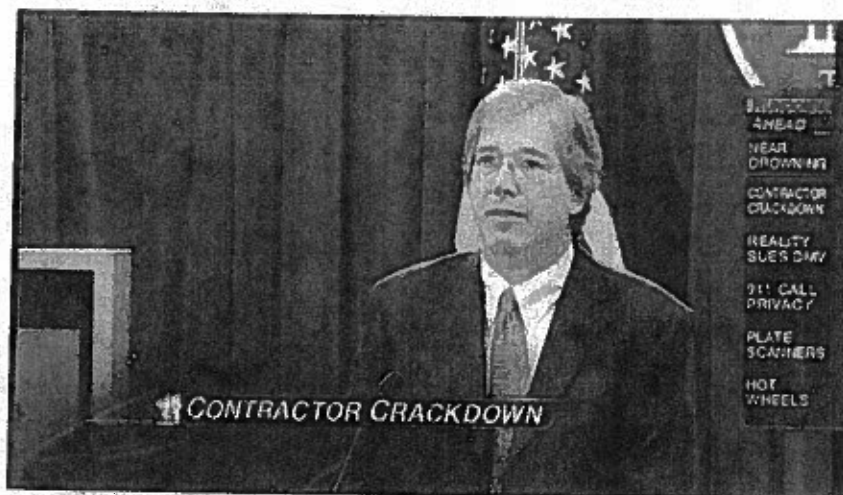
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SACRAMENTO - Assemblyman Bill Monning is warning consumers to beware of unlicensed contractors who use the Internet to market to unsuspecting and vulnerable homeowners.

Monning joined the Contractors State License Board on Wednesday to announce the success of an undercover operation targeting the fraud. The organization last week partnered with contracting boards in Oregon, Nevada and Arizona to coordinate sting operations resulting in 100 arrests from eight cities in California alone.

Among those arrested in the operation were a convicted murderer and two registered sex offenders. All suspects now face a variety of misdemeanor charges, including contracting without a license and illegal advertising. Fifteen people were arrested in a sting in Palo Alto and will be arraigned on the charges in August in Santa Clara County, according to the Contractors State License Board. Most of them were advertising through Craigslist and the Yellow Pages website.

"The pervasive activity of unlicensed contractors is a serious threat to both our economy and the public's safety," Monning said. "It is critical that homeowners thoroughly investigate any contractors they are considering hiring to ensure they are licensed, as well as to ensure that they are not placing their family's safety and financial security at risk."

Consumers should check the license number of potential contractors at www.cslb.ca.gov or www.CheckTheLicenseFirst.com before hiring anyone to work in or around their home or business.

State warns against some online contractor listings

June 20, 2012

- Says they are easily confused with honest businesses
- 'craigslist has done little to address the issue'

The California Contractors State License Board says consumers should read the ads on craigslist.org and other sites like it with caution if they're looking for a contractor.

The CSLB claims there are "excessive illegal and deceptive ads" on popular Internet sites like craigslist and too often the ads are put there by crooks trolling for victims.

"Craigslist serves as a valuable tool to legitimately licensed and insured contractors, offering them a free advertising vehicle to connect with consumers," says CSLB Registrar Steve Sands. "Unfortunately, hundreds, if not thousands, of unlicensed or unscrupulous contractors are breaking the law every day by posting deceptive or illegal ads, and craigslist has done little to address the issue."

(Editor's Note: Craigslist has not yet responded to a request for comment. If the company does, we'll update the story accordingly.)

Mr. Sands say that the illegal and deceptive ads create an unlevelled playing field, where legitimately licensed and insured contractors cannot compete and consumers are led to believe they're hiring licensed professionals.

To illustrate the seriousness of the problem, simultaneous enforcement operations were conducted last week in California, Arizona, Nevada, and Oregon, using craigslist ads as a basis to identify suspects, he says.

In California, undercover sting operations conducted in eight different cities led to the arrest of 100 suspects. "Three-quarters were identified from craigslist ads," says CSLB. "One suspect is a convicted murderer; two others are registered sex offenders. All suspects now face a variety of misdemeanor charges, including contracting without a license and illegal advertising."

CSLB addressed the issue with craigslist in 2006 and 2007. As a result, it says, craigslist has a link at the top of its "Skilled Trade Services" page to license information and to the California Department of Consumer Affairs website. The company also added an additional step into the ad posting process that requires the user to indicate whether they are licensed. "Regrettably, unlicensed operators quickly found a way around the requirement and now the process is virtually useless. CSLB has been unsuccessful in getting craigslist to address these concerns," the board says.

THE Ukiah DAILY JOURNAL

Eight unlicensed contractors cited in DA sting in Mendocino Co. June 20, 2012

Eight people were arrested last week during a sting conducted by the Mendocino County District Attorney's Office and the Contractors State Licensing Board to investigate phony contractors in the Ukiah Valley area.

District Attorney David Eyster and Steve Sands, registrar of the state board, teamed up to have investigators call local advertisements and schedule nine appointments for Thursday at a pre-arranged "sting" house.

There an undercover state investigator posed as the homeowner and asked for bids on projects at the home. The contractors who bid more than the unlicensed legal limit of \$500 for labor and materials received a citation to appear in Superior Court for a misdemeanor charge of contracting without a license.

Some were also cited for illegal advertising. State law requires contractors to include their license number on all forms of advertising. Eight of the nine scheduled appointments were kept, with eight individuals receiving citations for misdemeanor violations of law.

One of the men cited is convicted murderer Jameson "James" Jackson, who was found guilty in 2001 of being involved in the shooting death of Joan LeFeat in Willits, Eyster said. Jackson served nine years in the California Youth Authority before being released on parole in 2010.

Others cited last week have convictions on their records for drugs, guns, assault and domestic violence.

Eyster said homeowners face serious financial loss and risk of worker injury on their property, including potential liability for injuries sustained by a worker not covered by worker's compensation insurance. If there is a disagreement or something goes wrong with the project, the homeowner may have few options for recovering money from an unlicensed contractor.

"Homeowners need to be aware of the risk they take when they hire someone who is not licensed to do work in their home," said Sands, and Eyster added: "Always ask if the contractor you are considering is licensed, get his or her license number, and then check that license on the CSLB web site."

The misdemeanor charges carry a maximum of six months in jail and/or a fine up to \$5,000 for the first offense. A second violation carries a mandatory 90-day jail sentence, as well as a possible fine of up to \$5,000.

Unlicensed contractor sting nets convicted Willits murderer

By Glenda Anderson

June 18, 2012

A man convicted of murder as a teenager in Willits was among eight suspects cited during a sting operation aimed at unlicensed contractors in Mendocino County, authorities said.

Jameson Jackson was convicted of murder in 2001 when he was 15 years old. He provided the gun and stood by while Chris Coleman shot Willits storeowner Joan LeFeat multiple times, firing the final bullet as she lay on the floor begging for her life, according to testimony at his trial.

Coleman, who was tried as an adult, was sentenced to 25 years to life in prison for the Feb. 24, 2001 robbery and murder. Jackson was paroled from the youth authority in 2008.

Others cited during the sting operation had convictions for drugs, guns, assault and domestic violence, according to the Mendocino County District Attorney's Office.

"Many of these phony contractors are people you really don't want inside your house or around your family," said District Attorney David Eyster.

The sting, conducted last week in conjunction with the Contractors State Licensing Board, took place at a home in the Ukiah Valley, officials said. An undercover state investigator posed as a homeowner and asked for bids on projects at the home.

The eight men cited during the sting bid more than the unlicensed legal limit of \$500 for labor and materials. The charges filed against them include contracting without a license.

Fremont construction company held responsible for death of worker in Milpitas
June 15, 2012

A Fremont-based construction and investment company is being held responsible in the death of a 37-year-old carpenter at a Milpitas construction site last January.

In a statement Tuesday, the California Occupational Safety and Health Administration said that after a civil investigation, it has issued US-Sino Investments, Inc. 14 citations, totaling \$168,175, and is continuing with a criminal investigation.

Cal/OSHA officials say the citations stemmed from the Jan. 28 death of Raul Zapata, who was buried alive when an excavation wall collapsed on top of him. The city of Milpitas had issued a "stop work" order three days earlier due to unstable ground, Cal/OSHA said.

"Cal/OSHA's investigation into Zapata's death revealed US-Sino's disregard for the safety of its workers," said Cal/OSHA Chief Ellen Widess.

Cal/OSHA said their investigation revealed "numerous serious and willful violations of Cal/OSHA's safety standards."

Following their investigation, Cal/OSHA also referred US-Sino to the Contractors State Licensing Board and the Division of Labor Standards Enforcement, which suspended both company and owner Richard Liu's general building licenses, upon finding that the employer had not met its legal obligation to provide workers' compensation insurance.

"We think this case is particularly appropriate for criminal referral based on the egregious facts leading to the worker's death," Widess said.

According to Cal/OSHA, the wall that collapsed on Zapata had no soil support system installed, something required by its trenching and excavation regulations.

Among other violations, US-Sino had not acquired the proper project permit, which California law requires for work involving an excavation wall more than 5 feet deep or a trench into which workers are lowered.

Cal/OSHA also said that workers at the site had no injury or illness prevention plan, heat illness prevention plan, or communication plan in place in case of such an emergency.

According to Erica Monterroza, a spokeswoman for Cal/OSHA, once the department has completed its criminal investigation, it will hand the case over to the Santa Clara County District Attorney's office for further action.

More seniors falling victim to scams, crime

By Zachary K. Johnson

June 14, 2012

STOCKTON - With the economy struggling and crime rising, seniors have become more of a target of criminals, a county prosecutor said at a Wednesday seminar about scams involving seniors.

It is not just con artists swiping financial information, said Suzanne Schultz, family crimes coordinator with San Joaquin county District Attorney's Office. Senior citizens make up some of the victims targeted in a recent rash of strong-arm robberies in Stockton of people wearing gold chains, too, said Schultz, who said she has stopped wearing her necklace.

And seniors can help protect themselves by learning about scams and to take precautions, such as not always carrying around a large purse filled with large amounts of cash, cards and a full checkbook, she said. "It's our responsibility to harden ourselves as targets."

Help and more information

Seniors are not alone. There are agencies that can seniors who have been scammed or want to avoid becoming victims.

- Contractors State License Board, cslb.ca.gov, (800) 321-2752
- Board of Pharmacy, pharmacy.ca.gov, (916) 574-7900
- California Health Advocates about Medicare fraud, cahealthadvocates.org, (800) 434-0222
- Department of Insurance to check out an annuity offer, insurance.ca.gov (800) 927-4357
- San Joaquin County District Attorney, sjgov.org/da, (209) 468-2400
- U.S. Postal Inspection Service about mail fraud, postalinspectors.uspis.gov, (877) 876-2455
- San Joaquin County Adult Protective Services, sjaging.org, (209) 468-2202 or (888) 800-4800

And for seniors, that means looking out for friends, too.

Sometimes scammers move into the life of a widow or widower, cut them off from old friends and then bleed them dry, she said. "You've got to look out for each other. You know your friends' routines," she said.

Panelists outnumbered the seniors at the Arnold Rue Community Center listening to the presentation, but representatives from various agencies came with ample tales of cons of all sorts and tips on how senior citizens can avoid being victims.

"Arm yourself with information, and if you need help, it's available," said Rep. Jerry McNerney, D-Stockton, whose office organized the seminar, along with the state Contractors State License Board.

Lorraine Truhett, 68, collected the literature about scams and said she was glad she came. "I felt like some of my friends could use some of this information."

Contractors

Jane Kreidler from the CSLB warned against trying to save money by using an unlicensed contractor. It could be a scam, she said. "People come to your door and say it looks like your driveway needs to be repaved," she said. "Then they take your money, and they don't really do the job."

Annuities

Peter Meza from the state Department of Insurance warned against annuities. The financial products offer regular payments, but they can cost a lot of money up front and could take 10 or 15 years before the first regular payment arrives, he said. That is not useful to somebody in her 80s, he said. "It can be a valuable instrument, but it can also be the kind of thing that could be devastating."

Scam by mail

There are no legal foreign lotteries in the United States, so do not fall for scams offering lottery winnings, said Jeff Fitch from the U.S. Postal Inspection Service. Beware of offers that look too good to be true. And if you have been scammed, report it to the authorities. Sometimes phase II of a scam could be somebody pretending to help you get your money back, he said.

Pharmaceuticals

About 95 percent of websites selling medical drugs are not licensed to do so, said Anne Hunt of the state Board of Pharmacy. "It's a very serious matter; there are a lot of counterfeit drugs that come to the market that way."

Medicare fraud

Seniors should think of their Medicare card number like it is their credit card number, said Marta Erismann from California Health Advocates. Not only is it your Social Security number, but it can be used for a scammer to charge Medicare for medical products or services in your name. Be wary of scammers using phone surveys or offers of "free" checkups to get your Medicare number, she said. "If they're free, why do they want your Medicare number?"

Laguna Beach Independent

"Our Town-Our Paper"

Buying Local Applies to Tradesmen, Too

June 13, 2012

Editor,

These days an effective plumber must know a lot more than just that "you know what" flows downhill and you get paid on Friday. (Actually, around here the "you know what" must flow uphill sometimes.) Since the economic downturn, it seems like myriads of trades-persons have swooped in on the area to procure their fortunes, many with little more than a cell phone and pickup truck. They scoff at pesky inconveniences such as building codes, city permits, state licensure, liability insurance, respect for neighbors, and protecting our environment. Other, more well-heeled enterprises send mailers in an attempt to frighten residents into buying something they don't need or advertise that they will make all your troubles go down the drain instantly for a price without ever having seen the job. Then later at the supply house they poke fun at Laguna residents because some are different or eccentric and brag about how much extra they charge. Where will they be when something goes wrong with the work they did? Or you have an emergency? Do they really care about the community here? With several fine, experienced, multi-generation plumbing outfits right here in town, which can not only respond to your emergency, but will help you avoid or minimize costly disasters in the future, why go looking elsewhere?

It is real easy to see if your plumber is on the level, and where he really keeps his snake. Just go to www.CheckTheLicenseFirst.com (cslb.ca.gov).

Plumber Steve Klumb, Laguna Beach

Milpitas excavation fatality draws criminal probe recommendation, \$168,000 state fine

By Matt O'Brien

June 13, 2012

California work safety investigators on Tuesday recommended a criminal investigation and are fining a Fremont construction firm \$168,000 for the Milpitas hills trench collapse that killed a carpenter in January.

Raul Zapata, 37, of Hayward, was buried alive after a nearly 12-foot deep wall caved in on him while he was working on a new house in a gated development.

Three days before the tragedy, the city of Milpitas had ordered the construction firm, Fremont-based US-Sino Investments, to stop working in part because heavy rainfall had destabilized the ground.

"The area was considered dangerous," said spokesman Peter Melton of the California Department of Industrial Relations. "The employers just kept working. They knew it was a risk and went ahead anyway. A man is dead because of that."

The company made "numerous serious and willful violations," says a report released Tuesday by the Department of Industrial Relations' Division of Occupational Safety and Health, known as Cal/OSHA.

The agency issued fourteen citations against the company totaling \$168,175 and is recommending that Santa Clara County begin a criminal investigation.

Among the violations:

The company failed to contact emergency crews immediately after the accident and no emergency numbers were posted.

The company lacked a proper trenching permit or carpenters trained for the work.

The company allowed employees to work in a deep trench without helmets.

The company ignored regulations that protect workers from cave-ins.

Christine Baker, director of the state Department of Industrial Relations, said the death of Zapata was "completely preventable" and should be a "vivid reminder of what can happen" when safety regulations are ignored.

Cal-OSHA Chief Ellen Widess said in a news release that the case should be referred for criminal prosecution "based on the egregious facts leading to the worker's death."

The report says a Milpitas building inspector noticed that workers had failed to properly shore up an excavation area, and on Jan. 25 formally ordered US-Sino project manager Dan Luo to halt the work.

The same building inspector returned the next day and saw four employees working at the site. He again told Luo they had to stop, according to the report.

Zapata was covered in soil up to the top of his head when Milpitas firefighters arrived at 814 Calaveras Ridge Drive on the morning of Jan. 28.

State Fines Fremont Construction Firm in Milpitas Death

By Lisa Fernandez

Jun 13, 2012

Nearly five months after a tragic accident, the California Department of Occupational Safety and Health on Tuesday cited a Fremont-based construction company with 14 citations totaling \$168,175 following the death of a 37-year-old carpenter who was buried alive a Milpitas home under construction.

OSHA cited the company, US-Sino, whose president is listed as Richard Liu, for "numerous serious and willful violations" of state standards on January 28.

That's when Raul Zapata, a Mexican immigrant living in Hayward, was buried alive when he was building a new home at 841 Calaveras Ridge Drive. The city of Milpitas had issued a stop work order on the project three days earlier, but construction was occurring anyway. The stop-work order is still in place as of Tuesday.

Cal/OSHA's Bureau of Investigations, which investigates fatalities and other serious injuries, has an ongoing criminal investigation.

OSHA spokeswoman Erika Monterroza said the results of that investigation could get forwarded to the Santa Clara County District Attorney. There is no statute of limitations on that investigation.

Zapata's sister-in-law Griselda Romeo declined to comment Tuesday, referring calls to a Los Gatos attorney, who also wasn't immediately available.

Liu did not return several calls or emails seeking comment.

"Worksite regulations are in place to keep workers safe – this completely preventable death is a vivid reminder of what can happen when those regulations are ignored," Department of Industrial Relations Director Christine Baker said in a statement. "All California workers have a right to a safe work environment."

Following several days of rainfall, Zapata had been working at the base of the excavation wall at a residential construction site when the wall collapsed on top of him. He was pronounced dead at the scene, but because of the unstable soil, his body wasn't pulled out of the pit for several days. He was surrounded by relatives who tried unsuccessfully to save him.

The excavation wall that gave way had no soil support system installed as required by state trenching and excavation regulations. California law also requires an annual or project-specific permit for any work that involves a trench or excavation wall exceeding five feet in depth into which workers may be lowered. US-Sino did not obtain such a permit, OSHA investigators found. The instability of the soil and risk of further cave-in prevented rescuers from recovering Zapata's body for several days.

Cal/OSHA's investigation revealed other serious safety violations at US-Sino's worksite.

Exposed rebar was found on the site without proper safety caps, which posed safety hazards to workers. OSHA investigators also found that the employer failed to inspect the excavation daily, as required, or inform new workers of the hazards and safety precautions necessary for this work. They had no injury and illness prevention plan or heat illness prevention plan in place, nor any communication plan in place to alert authorities or first responders in the event of an emergency such as this excavation cave in, investigators found.

The citations Cal/OSHA issued include five classified as serious, two of which were willful, and several general and regulatory citations.

Cal/OSHA immediately referred this employer to the Contractors State License Board and the Division of Labor Standards Enforcement. CSLB suspended the general building contractor license of US-Sino and its owner upon determining that the employer failed to provide workers' compensation insurance to their employees as required by law. DLSE's investigation is ongoing.

"Cal/OSHA's investigation into this death revealed US-Sino's disregard for the safety of its workers," said Cal/OSHA Chief Ellen Widess. "The City of Milpitas had issued a stop work order three days before the incident due to unstable ground, yet this employer continued work and knowingly put workers at risk with a tragic result."

Milpitas excavation fatality draws criminal probe recommendation, \$168,000 state fine

By Matt O'Brien

June 13, 2012

California work safety investigators on Tuesday recommended a criminal investigation and are fining a Fremont construction firm \$168,000 for the Milpitas hills trench collapse that killed a carpenter in January.

Raul Zapata, 37, of Hayward, was buried alive after a nearly 12-foot deep wall caved in on him while he was working on a new house in a gated development.

Three days before the tragedy, the city of Milpitas had ordered the construction firm, Fremont-based US-Sino Investments, to stop working in part because heavy rainfall had destabilized the ground.

"The area was considered dangerous," said spokesman Peter Melton of the California Department of Industrial Relations. "The employers just kept working. They knew it was a risk and went ahead anyway. A man is dead because of that."

The company made "numerous serious and willful violations," says a report released Tuesday by the Department of Industrial Relations' Division of Occupational Safety and Health, known as Cal/OSHA.

The agency issued fourteen citations against the company totaling \$168,175 and is recommending that Santa Clara County begin a criminal investigation.

Among the violations:

The company failed to contact emergency crews immediately after the accident and no emergency numbers were posted.

The company lacked a proper trenching permit or carpenters trained for the work.

The company allowed employees to work in a deep trench without helmets.

The company ignored regulations that protect workers from cave-ins.

Christine Baker, director of the state Department of Industrial Relations, said the death of Zapata was "completely preventable" and should be a "vivid reminder of what can happen" when safety regulations are ignored.

Cal-OSHA Chief Ellen Widess said in a news release that the case should be referred for criminal prosecution "based on the egregious facts leading to the worker's death."

The report says a Milpitas building inspector noticed that workers had failed to properly shore up an excavation area, and on Jan. 25 formally ordered US-Sino project manager Dan Luo to halt the work.

The same building inspector returned the next day and saw four employees working at the site. He again told Luo they had to stop, according to the report.

Zapata was covered in soil up to the top of his head when Milpitas firefighters arrived at 814 Calaveras Ridge Drive on the morning of Jan. 28.

State fines employer of man killed by fallen wall

June 12, 2012

MILPITAS, Calif.—State health officials are fining the builder of a Milpitas home where a 37-year-old was buried alive in January.

The state Division of Occupational Safety and Health on Tuesday issued 14 citations totaling \$168,175 to US-Sino Investments Inc. of Fremont.

Raul Zapata was working at a residential construction site in January when an excavation wall collapsed on top of him. He was pronounced dead at the scene.

State officials say the excavation wall had no soil support system installed as required by state law. The company also failed to obtain a permit to perform such work.

After the accident, the Contractors State License Board suspended the firm's general building contractor license because the company had failed to comply with state workers' compensation insurance laws. An agency investigation is ongoing.

Monterey County
The Herald

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After the accident, the Contractors State License Board suspended the firm's general building contractor license because the company had failed to comply with state workers' compensation insurance laws. An agency investigation is ongoing.

Fremont contractor ordered to pay \$170,000 after worker's death

By Eli Segall, Reporter

June 12, 2012,

California workplace-safety regulators have ordered a Fremont construction company to pay nearly \$170,000 after investigating the death of a carpenter who was buried alive under an excavation wall.

The state's Division of Occupational Safety and Health, also known as Cal/OSHA, issued 14 citations Tuesday, totaling \$168,175, to U.S.-Sino Investment Inc. The company was cited for numerous "serious and willful violations" of state safety standards, the agency said.

The carpenter, 37-year-old Raul Zapata, was working at the base of the excavation wall at a Milpitas residential construction site on Jan. 28 when the wall collapsed on him, according to Cal/OSHA. He was pronounced dead at the scene.

The incident occurred after several days of rainfall. According to Cal/OSHA, the excavation wall that gave way had "no soil support system" as required by the agency. Zapata's body could not be recovered for several days because of the soil's instability and the risk of further cave-in, Cal/OSHA said.

Agency Chief Ellen Widess said in a prepared statement Tuesday that the city of Milpitas had issued a stop-work order three days before the incident "due to unstable ground, yet this employer continued work and knowingly put workers at risk with a tragic result."

Cal/OSHA's Bureau of Investigations, which examines fatalities and other serious injuries, is conducting a criminal investigation, the agency said.

The Contractors State License Board suspended U.S.-Sino's general building contractor license about a week after the worker was killed.

Efforts to reach the company for comment Tuesday were unsuccessful.

Cal/OSHA cites employer nearly \$170,000 following fatal Milpitas excavation collapse
June 12, 2012

Fourteen citations totaling \$168,175 have been issued to a Fremont-based construction and investment company, US-Sino Investments Inc. The citations stemmed from Cal/OSHA's investigation into the death of Raul Zapata, a 37-year-old carpenter, who was buried alive under a 10 to 12-foot excavation wall at a Milpitas residential construction site on Jan. 28. US-Sino is cited for numerous serious and willful violations of Cal/OSHA's safety standards.

"Worksite regulations are in place to keep workers safe - this completely preventable death is a vivid reminder of what can happen when those regulations are ignored," said DIR Director Christine Baker. "All California workers have a right to a safe work environment."

"Cal/OSHA's investigation into this death revealed US-Sino's disregard for the safety of its workers," said Cal/OSHA Chief Ellen Widess. "The City of Milpitas had issued a stop work order three days before the incident due to unstable ground, yet this employer continued work and knowingly put workers at risk with a tragic result."

Following several days of rainfall, Raul Zapata had been working at the base of the excavation wall at a residential construction site on Jan. 28 when the wall collapsed on top of him. He was pronounced dead at the scene. The excavation wall that gave way had no soil support system installed as required by Cal/OSHA's trenching and excavation regulations. California law also requires an annual or project-specific permit for any work that involves a trench or excavation wall exceeding five feet in depth into which workers may be lowered. US-Sino did not obtain such a permit. The instability of the soil and risk of further cave-in prevented rescuers from recovering Zapata's body for several days.

Cal/OSHA's investigation revealed other serious safety violations at US-Sino's worksite. Exposed rebar was found on the site without proper safety caps, which posed safety hazards to workers. The employer failed to inspect the excavation daily, as required, or inform new workers of the hazards and safety precautions necessary for this work. They had no injury and illness prevention plan or heat illness prevention plan in place, nor any communication plan in place to alert authorities or first responders in the event of an emergency such as this excavation cave in.

The citations Cal/OSHA issued include five classified as serious, two of which were willful, and several general and regulatory citations. Cal/OSHA's Bureau of Investigations, which investigates fatalities and other serious injuries, has an ongoing criminal investigation.

"We think this case is particularly appropriate for criminal referral based on the egregious facts leading to the worker's death," said Widess.

Cal/OSHA immediately referred this employer to the Contractors State License Board and DIR's Division of Labor Standards Enforcement for further enforcement action. CSLB suspended the general building contractor license of US-Sino and its owner Richard Liu upon determining that the employer failed to provide workers' compensation insurance to their employees as required by law. DLSE's investigation is ongoing.

Cal/OSHA issues citations for violations that affect the safety or health of employees. A willful violation is issued when an employer either: commits an intentional violation and is aware that it violates a safety law, or when an employer is aware that an unsafe or hazardous condition exists and makes no reasonable effort to eliminate the hazard. A serious violation is cited when there is a reasonable possibility that death or serious physical harm could result from the actual hazard created by the violation. A general violation is one in which an accident or illness may result but would probably not cause death or serious harm.

THE SACRAMENTO BEE

State fines employer of man killed by fallen wall

June 12, 2012

MILPITAS, Calif. -- State health officials are fining the builder of a Milpitas home where a 37-year-old was buried alive in January.

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State officials say the excavation wall had no soil support system installed as required by state law. The company also failed to obtain a permit to perform such work.

After the accident, the Contractors State License Board suspended the firm's general building contractor license because the company had failed to comply with state workers' compensation insurance laws. An agency investigation is ongoing.

Pool Services Technologies, Inc. Tips on Building Swimming Pools

June 12, 2012

What has been a dormant industry and forced major big names out of business is suddenly making comeback. "Now that banks are beginning to lend again, and families are more comfortable spending money, swimming pools are being built again", says, Bruce Wettstein, Owner of Black Sand Pools.

When building a beautiful centerpiece for your backyard you must be extremely careful of who you choose for the project. "There are a many options available when deciding on pool surfaces, tile, equipment and other features", says, Mr. Wettstein, who has been in the pool build and remodeling industry since 1995, shares these important tips:

1. Make sure the contractor is licensed, bonded and insured.
2. Check with the BBB, the CSLB (Contractors State Licensing Board) and other agencies (Yelp, Angie's List, etc.) to look up company history.
3. Ask the licensed contractor for referrals.
4. Ask what kind of warranty they provide and how is it handled.
5. Can the builder provide a list of subcontractor's that they use for decking and solar pool heating, etc.
6. Make sure to replace or filter the pool water in the pool every 2-3 years.
Hard water can stain the tile and surface of the pool, and damage pool equipment.
7. Ask about energy-efficient equipment is available to save on your electricity usage.

Mr. Wettstein always advises his clients about future care and concerns they should be aware of, so they can enjoy their pools year-round, making him stand out as a pool builder and provider.

Company Background

Pool Services Technologies, Inc., founded in 2009 and headquartered in Escondido, California, provides an alternative to draining and refilling swimming pools - a necessary part of pool ownership. Utilizing a 40,000 gallon per day mobile Reverse Osmosis trailer and recovering nearly 85% of the existing swimming pool water, this service realizes huge water conservation results and provides superior water quality; surpassing what can be obtained from the tap. In addition to saving so much of the existing water in the swimming pool, the need for elevated pool chemicals diminish as the chemicals can now do their job in cleaner, purer water. Black Sand Pools is a subsidiary of Pool Services Technologies, Inc.

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****BEWARE OF UNLICENSED CONTRACTORS**

Date: 2012-06-11, 7:10AM PDT

Reply to: sdfjn-3065932426@sale.craigslist.org [\[Errors when replying to ads?\]](#)

PLEASE ASK ALL CONTRACTORS FOR CONTRACTORS LICENSED!!!! MAKE SURE THEIR NAME MATCHES THE ONE ON THE CSLB WEBSITE!

- it's NOT ok to contact this poster with services or other commercial interests

PostingID: 3065932426

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How to negotiate a deal with a contractor

By Camilla McLaughlin

June 7, 2012

Cost overruns and missed deadlines may be all-too-common in home renovations, but that's because few homeowners know how to manage contractors. To ensure a successful project, first you need to walk in their Wolverine boots – or at least imagine what that's like for contractors.

Ask yourself, what matters to a contractor? "Contractors want to know you are well funded and that the budget is on target with the job. They are more receptive when they know the homeowner is serious and ready to get the job done," says Debra Cohen, founder of Home Remedies of New York, a contractor referral service.

"One of the first things we look at is to see if the project has a chance of getting off the ground," says Vince Butler, president of Butler Brothers, a northern Virginia design build firm and former chairman of the National Association of Home Builders Remodelers Council. Like many contractors, Butler says he increasingly finds that the scope of projects exceeds budgets by as much as 50 percent. Today, homeowners expect projects to cost less because the value of their home has decreased, but in reality the cost of lumber, cement and other building materials, which are highly dependent on oil, continue to rise.

For most of us this discrepancy translates into sticker shock when we get estimates for any kind of work in the home.

What's the best way to get a handle on costs? Of course the time-worn advice of getting three bids and checking out recent jobs still applies, but having a clear idea of what you want to do is just as important. Even something as straightforward as painting a room involves options: Do you want to paint the trim? What color? What about the ceiling? How much patching is involved? Priming? One or two coats? When you explain the job to a contractor, it's important to spell out every detail. "There is no way to overvalue the planning process in construction," says Cohen.

"If the customer knows what they want in terms of fixtures or products, the more knowledge they have, the better they will be in negotiating a rate with the contractor and they are also more likely to recognize an offer that might be too good to be true," says Venus Stromberg, with the Contractors State Licensing Board (CSLB) for California.

Ask for detailed bids and separate line item pricing. That's particularly important "For labor (demolition, plumbing, framing, flooring installation, painting, etc.), and finish material quotes (for things like flooring, tile, plumbing fixtures, lighting, or doors)," says Amanda Zettel, owner of Home Made Design, an online interior design firm."

Once you have several bids, having the quotes broken down into costs for individual labor and finish materials "enables apples-to-apples pricing comparisons and second round pencil sharpening from multiple contractors," Zettel explains.

Also, it helps prevent confusion over anticipated levels of quality. For example, a quote might come back with a specification for a 6-inch white tile, which can be an inexpensive porcelain tile or an expensive imported, hand-painted tile. Without having details spelled out, Zettel says, there is a "risk of the client assuming higher quality than they are getting. And there is also a risk for a good contractor having overpriced his bid versus a competitor who simply bid lower quality, cheaper stuff."

A detailed bid will also give you an idea of the markup on materials and whether or not you can get them cheaper. But it is important to understand that when a contractor buys materials they assume the liability and additional cost of delaying a job if a product is damaged, doesn't work properly or if the wrong product is shipped. On the other hand, Zettel and others say, sourcing products independently gives homeowners more choices and possibly more competitively priced options.

If you do buy materials either on your own or through a contractor, have them delivered to you. And, CSLB advises consumers not to pay more than 10 percent down or \$1,000 ahead of time, whichever is less, and not to let payments get ahead of the work.

Ask if there is a less expensive way to do your project. Once they realize that your target budget is somewhat in line with the project, a good contractor will work with you to find ways to shave costs. Still, Butler says, "I can help people get a project down by 10 or 15 percent but I can't do 50 percent." Today, too, most contractors are trying to be as lean and mean as possible. "People are being as competitive as possible across the board and I am seeing a similar trend with my subs [subcontractors]," says Butler.

Be wary of bids that are out of line with the others. Getting the best deal involves more than a cheap price. "Guys who are licensed, insured and doing things by the rules have more overhead. But dealing with them is much preferable to dealing with someone working out of the back of their truck," says Cohen. Going with someone who is unlicensed might be fine for a small handyman job but for anything more you will want to know they are going to be in business a year from now and, most importantly, that they are insured and pay subs, suppliers and workers, who can file a lien against your home if they are not paid, in a timely matter.

Check with your state to see if your contractor is licensed. Also, say experts, don't just ask if they are insured, actually verify insurance coverage with the insurance company. For big jobs, they suggest the homeowner should also be listed as a certificate holder.

Will you save money by acting as your own general contractor? Unless you understand construction and deal with trades, probably not. Subs are likely to give the best price when they know the contractor will hire them over and over again. And the contractor will be much more knowledgeable of what costs should be and how the job should be done. Additionally, good contractors ensure that their subs are insured.

One last tip, from Cohen: You don't want to hire a contractor who feels he is being underpaid. While it's great to negotiate, you don't want a contractor to start a job feeling like he's not making enough.

Imperial Valley News

Imperial Valley California News Source

Governor Brown Announces Appointments

June 7, 2012

Sacramento, California - Governor Edmund G. Brown Jr. today announced the following appointments.

David Dias, 51, of Napa, has been appointed to the Contractors State License Board, where he has served since 2011. Dias has been a business representative for Sheet Metal Workers Local Union 104 since 2005. He was an apprentice instructor at Foothill Community College from 1998 to 2005 and a field supervisor at Therma Inc. from 1997 to 2005. Dias was a sheet metal worker foreman at RH Tinney from 1990 to 1997, where he served as an apprentice from 1986 to 1990. This position requires Senate confirmation and the compensation is \$100 per diem. Dias is a Democrat.

Eric Holm, 47, of San Rafael, has been appointed to the California State Board of Guide Dogs for the Blind, where he has served as president since 2010. Holm was an adjudications officer at the Department of Homeland Security from 1997 to 2004 and district adjudications officer at the U.S. Department of Justice from 1995 to 1997. He was a paralegal at Bostwick and Tehin from 1988 to 1990 and a property acquisition manager at Trinity Properties from 1987 to 1988. Holm was a research analyst at Indio Properties from 1985 to 1986. This position does not require Senate confirmation and the compensation is \$100 per diem. Holm is a Democrat.

Cliff Utley, 60, of Yucaipa, has been appointed to the Structural Pest Control Board, where he has served since 2006. Utley has been president of Cliff's Pest Control since 2001 and has worked there since 1993. He was a sheet metal worker at the Santa Fe Railroad from 1972 to 1993. This position does not require Senate confirmation and the compensation is \$100 per diem. Utley is a Republican.

Thomas Kendall, 66, of Carmichael, has been appointed to the California Veterinary Medical Board, where he has served since ---2008. Kendall has served as hospital director and veterinarian at Arden Animal Hospital since 1973 and co-owner of Veterinary Associates of Northern California since 1987. He has been co-owner of Kendall and Wolfson Enterprises Inc. and owner of Kendall and Wolfson Properties since 2001. Kendall was owner and veterinarian for Amador Veterinary Hospital from 1971 to 1973 and associate small animal veterinarian at Broadway Pet Clinic from 1969 to 1971. He earned a Doctor of Veterinary Medicine degree from Purdue University College of Veterinary Medicine. This position does not require Senate confirmation and the compensation is \$100 per diem. Kendall is a Democrat.

Richard Sullivan, 64, of Palos Verdes, has been appointed to the California Veterinary Medical Board. Sullivan has been the owner and managing doctor of Bay Cities Pet Hospital since 1975. He served in the Peace Corps from 1972 to 1974. Sullivan earned a Doctor of Veterinary Medicine degree from Purdue University College of Veterinary Medicine. This position does not require Senate confirmation and the compensation is \$100 per diem. Sullivan is a Democrat.

Cheryl Waterhouse, 50, of Fresno, has been appointed to the California Veterinary Medical Board. Waterhouse has been the president and chief of staff of Waterhouse Animal Hospital since 1995. She was an associate veterinarian at Sierra View Animal Hospital from 1992 to 1995, Leawood Plaza Animal Hospital from 1988 to 1991, Altoona Veterinary Hospital from 1984 to 1987 and Animal Medical Center of Merle Hay from 1981 to 1984. Waterhouse earned a Doctor of Veterinary Medicine degree from Iowa State University College of Veterinary Medicine. This position does not require Senate confirmation and the compensation is \$100 per diem. Waterhouse is a Democrat.

Asking contractors questions help avoid confusion

By Bill & Kevin Burnett

June 6, 2012

Q: I have a question for you about conflicting information from contractors. I have had a few contractors come out to my home to look at some remodeling.

For my bathroom, one said the whole thing needed to be gutted. The other said we could work with what was there and make improvements with paint, tile, et cetera.

Also, I had a contractor come out to check on a sunroom that looks to me to be in sad shape. I was considering tearing it down but he said it could be brought back to life with some replacement wood siding, a new roof and windows. He has great credentials with the Better Business Bureau, and he checks out with the Contractors State Licensing Board. His price blew me away - much lower than I had anticipated.

The cause for confusion is that last year, another contractor came out and gave me a figure that was 2 1/2 times the price. I end up confused, and then I do nothing because I am not sure how to proceed.

So what is your advice when the price and opinions vary and I am clueless? Is there a construction consultant that can advise homeowners on these dilemmas?

A: There are project managers, but we don't think it's necessary to hire one, and we do understand the confusion. Rehabbing an older home is as much an art as a science.

Before calling a contractor, it's critical you decide what you want in a finished product and set a budget. A journey of a thousand miles doesn't begin with the first step. It begins with the destination. Without a clearly defined end point, even a small remodel will be nothing but frustrating. Spend time with this phase. Once the work starts, change orders can be difficult and often come at great cost.

So, in the bathroom, if you're looking to move the toilet, tub and shower, a gut job is probably necessary. All of the plumbing needs to be relocated. That means tearing into the walls to move the pipes and wiring. Once the rough work is done, drywall, flooring and all the finishes are installed.

But if what you're after is a face-lift, the second contractor's right. The whole feeling of the room can be changed with paint, flooring, tile and faucets and tub trim. You might also consider replacing the toilet and vanity and adding a glass shower door or tub enclosure depending on your budget. Doing all this will give you a new bath without doing a total gut job.

Ask questions of each contractor to lessen your confusion. We'd ask the first contractor why it is necessary to totally gut the bathroom. Relay this information to the second contractor and see what he says. Questioning each bidder not only makes him justify his proposal and educates you, but it also may present another solution that you hadn't considered.

In evaluating the sunroom project, determine whether the structure is sound. This will tell you if it's a teardown or a rehab project. Is the foundation solid? Are the walls straight and plumb? If so, a new roof, new siding and new windows will make a new room.

Prices for the same project can vary due to the scope of the job, the contractor's rate and just how busy the contractor is. To compare apples to apples in the bidding process make sure to give each bidder a well-defined description of the work you want done.

As always, with jobs over \$500, hire a licensed contractor, verify liability and worker's compensation insurance and make sure any agreement is in writing. Check to see if the contractor's license is valid at cslb.ca.gov.

The contract should specify, at minimum, the work to be performed, the materials to be used and the schedule of payments. Finally, a down payment should not be more than 10 percent of the job cost or \$1,000, whatever is less.

Los Gatos Designer Sentenced to 6 Months in Jail For Grand Theft, Forgery

By Sheila Sanchez

June 5, 2012

Los Gatos interior designer Julie Cavanaugh, accused in June of 2011 of grand theft, forgery and contracting without a license, was sentenced Monday morning to six months in Santa Clara County Jail, \$370,000 in restitution to victims and five years of formal probation.

According to Santa Clara County Deputy District Attorney Lisa Schon, Cavanaugh's Feb. 16 no-contest plea to the charges had the same legal effect as a guilty plea.

Cavanaugh, 42, the owner of Design 101 Interiors located at the Los Gatos Shopping Center on North Santa Cruz Avenue, was accused of acting as a contractor by offering to fabricate or cut and install a granite countertop in a Saratoga home rather than just provide the design services, said Schon.

Cavanaugh had been previously warned by the Contractor State Licensing Board not to provide services beyond designing, according to Schon.

Cavanaugh inflated her prices to cover some losses and forged the homeowner's signature on some furniture order forms, Schon said, adding that the Saratoga victim lost about \$100,000.

The sentencing Monday took place in Santa Clara County Superior Court Judge Philip H. Pennypacker courtroom in Department 30 of the San Jose Hall of Justice.

Four victims were involved in the complaint and Cavanaugh plead no contest to all of them, she explained.

Schon said if more victims come forward she'll continue the investigation on the case. "I'm satisfied with the sentence," Schon said. "It was appropriate."

The \$370,000 restitution order was stipulated in the plea agreement, Schon explained.

Schon said homeowners need to check with the Contractor State Licensing Board to make sure individuals hired as contractors are licensed. She also said those in providing contracting work to the public better be licensed or they will be prosecuted by the Santa Clara County District Attorney's Office. "We've always had a contractors' fraud unit," she said.

Calls to Cavanaugh's attorney, Dana Corey, weren't immediately returned by the time of this posting.

Top state building official says licensing key for industry

By Eric Gneckow

June 4, 2012

SANTA ROSA – Regulators are cracking down on unlicensed contractors in California who underbid licensed professionals and slow the economic recovery for an industry hit hard by the recession, according to Steve Sands, executive officer and registrar for the state's Contractors State License Board.

Speaking to a group at the North Bay Business Journal's annual Construction Conference on May 15, Mr. Sands said that the construction industry remains challenged during the state's slow economic recovery, currently leaning on California's willingness to fund public works projects during strained budgetary times.

"If we don't get our hands on it, the whole social fabric involving construction could fray beyond repair," Mr. Sands, the keynote speaker, said.

A number of factors continue to create challenges for the construction industry, Mr. Sands said. New home construction has significantly slowed in the state, as young adults put off plans for housing and older residents look to downsize. In the case of California's Inland Empire, a glut of housing inventory will likely mean no need for single-family home construction for the next 10 years or longer, he said.

In addition, the underground economy of unlicensed contractors continues to take jobs away from those who are properly licensed and insured, amounting to an illegal industry worth \$60 million to \$150 billion in California. If all were properly insured, premiums on workers compensation insurance could stand to decrease 50 to 60 percent, he said.

"Those people are taking jobs and money out of your pockets," he said.

Mr. Sands pointed to some positive indicators for the broader economy, including the 400,000 payroll jobs that California added last year. Demand for remodeling has risen recently, though that activity varies by region, and shifting demographics have created more interest in apartments and multifamily developments.

Joining Mr. Sands at the conference were a number of other presenters:

Tony Cinquini, principal and CEO of Cinquini & Passarino, Inc. and Stephen Jackson of the Sonoma County Office of Education, discussed the construction of a new Geospatial Science Center at Santa Rosa's Piner High School and how the district's mandated vocational programs have helped some students prepare for a career in construction. Said Mr. Cinquini, "The career opportunities for people are changing dramatically, and we need to change with them."

Doug Hilberman, chairman of The Construction Coalition, shared the results of his recent survey of contractors, including that most responders cited California's regulatory environment as a bigger impediment to the industry than demand for construction.

Chuck Regalia, director of community development for the city of Santa Rosa, and Robert Cantu, president of Western Builders, described the importance of streamlining the permitting process for new construction, including the development of a same-day permit in Santa Rosa and a loosening of requirements for a conditional use permit.

Mary McEachron, chief administrative officer and general counsel of the Buck Institute for Research on Aging, discussed the need for reform to the California Environmental Quality Act and highlighted cases like a required Buck Institute environmental impact study that examined how research on mice affected the self-esteem of Marin County residents. The construction industry should spearhead reform, she said. "The CEQA has become as tool to simply add cost and delay a project." One proposal – suspend CEQA for five years as an economic stimulus.

Two of the region's major construction projects also were discussed, Sutter Medical Center of Santa Rosa and the upcoming Sonoma-Marín Area Rail Transit system.

VISTA SCHOOL SUCCEEDS IN PROVIDING MORE THAN A TRADE

By Jonathan Horn

June 4, 2012

An austere industrial park in northern Vista is the site of a crowning achievement four years in the making.

A charter high school created in 2008 to develop students in construction and technology manufacturing graduates its first class Tuesday.

Each of its 20 seniors, some who were floundering in traditional schools before making the change, all have a next step in life.

The graduates of North County Trade Tech High School will become apprentices, community college students or members of the military. Over the past four years, industry workers have taught them hands-on construction and civil and mechanical engineering. Now, there is opportunity to be seized.

Five of the grads are about to begin full-time apprenticeships through the San Diego Association of Builders and Contractors, with starting pay from \$14 to \$18. It will increase incrementally to about \$30 per hour by the time they complete the apprenticeships in 2017. The apprentices also get benefits that include health care and a pension. They'll get a scholarship for a certificate program by the San Diego Community College District, eventually becoming licensed journeymen workers.

The Contractors State License Board defines a journeyman as someone who has completed an apprenticeship and can perform work without supervision. They can earn, in one example, \$50 an hour for some public jobs, said Sherry Yarbrough, executive director of the local ABC program.

It's a striking opportunity for those looking to go into a construction field hit hard by the Great Recession. Nationally, the unemployment rate among construction workers was 14.5 percent in April, almost double the national rate of 8.1 percent, according to the U.S. Bureau of Labor Statistics. The jobless rate for construction spiked at 27.1 percent in February 2010. In August 2007, it was 5.3 percent.

"We've been doing more rehiring of employees that we previously had to let go than we are going out to market," said Dru Wells, Director of Human Resources for Miramar-based Helix Electric, which offers apprenticeships to Trade Tech grads. Wells said business has been picking up, especially in solar orders.

One of those getting an apprenticeship is Dillon Wyatt, 18, who joined Trade Tech six weeks after beginning as a freshman at Oceanside's El Camino High School. Wyatt said he wasn't doing well academically and took a chance at Trade Tech. He now considers his senior class to be leaders at the school. Wyatt will begin working on heating ventilation and air conditioning systems as an apprentice for Certified Air after graduation.

"I'm so glad that I can say that I have a steady career for the next four to five years," Wyatt said.

Thirteen of the other seniors are enrolling in community college, and two are joining the armed forces.

"I'm proud of each and every one of them for totally different reasons. We have kids, many of whom are the first to graduate from their family," said Principal Bryan O'Donnell. "We have kids who came in, who hadn't had much success, good kids, but hadn't much success throughout their school career."

BeverlyHillsPatch

Permits Required, Licensed Contractors Urged for Construction Projects

By Marie Cunningham

June 1, 2012

After a construction worker died in a collapsed trench at a Beverly Hills home in May, the city discovered that the property owner did not have the necessary permits for construction to take place and that a licensed contractor had not been hired to oversee the project.

Bayron Lopez-Orozco, 23, of Los Angeles died at the scene when an 8-foot-deep trench collapsed and buried him at 1265 North Benedict Canyon Drive.

Now the city is urging homeowners to obtain the proper permits and make sure they hire qualified, licensed contractors before starting construction projects on their property.

"While a workplace death is a rare event, it illustrates what can go wrong when rules and ordinances established for the protection of homeowners and workers are not followed," according to a city press release.

To download a copy of the city's permit application for construction projects, [click here](#).

If you are planning a construction project, here are 10 tips for hiring contractors from the Contractors State License Board:

- Hire only state-licensed contractors.
- Check a contractor's license number online at www.cslb.ca.gov or by calling 800-321-2752.
- Get at least three bids.
- Get three references from each bidder and review past work in person.
- Make sure all project expectations are in writing and only sign the contract if you completely understand the terms.
- Confirm the contractor's workers' compensation insurance policy for employees and ask about liability insurance to cover any property damage.
- Never pay more than 10 percent down.
- Don't let payments get ahead of the work.
- Keep a job file of all papers relating to your project, including all payments.
- Don't make the final payment until you're satisfied with the job.

For more information, visit the Community Development Department page on the city's website [here](#).

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May 31, 2012

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Warrant for East Bay Contractor's Arrest May 29, 2012

More than \$100,000 in arrest warrants have been issued for an Oakland man suspected of contracting fraud, earning him a spot on a state "most wanted" list, according to the Contractors State License Board.

Khalid Wilson, 41, has allegedly been using his contractor license number, which was revoked in 2004, to obtain work, board officials said. He is also reported to have solicited down payments for projects beyond the legal limit of 10 percent of the total contract, or \$1,000, whichever is less.

Wilson is wanted on a \$15,000 probation violation warrant in Contra Costa County and a \$10,000 warrant in Alameda County.

Alameda County has issued a \$100,000 warrant for Wilson on one felony count of fraudulent use of a contractor license number and another \$10,000 warrant for two additional counts of the same charge, according to the board.

In addition, the county has issued a \$1,000 misdemeanor warrant for contracting without a license and a \$2,500 warrant for driving on a suspended or revoked license.

These allegations and numerous consumer complaints have led the Contractors State License Board to name Wilson to its "most wanted" list. It's not the first time he's been on the list.

In 2008 he was arrested on similar charges, and pleaded guilty to misrepresenting his contractor license and contracting without a license in Contra Costa County. However, he failed to pay restitution in Contra Costa County in 2010 and failed to appear at a restitution hearing earlier this year in Alameda County, which is what triggered the probation violation warrants.

Board officials say they have received dozens of complaints about Wilson since his license was revoked in 2004, and more than half have resulted in criminal filings.

"Checking your contractors license on the CSLB website is vital," said board Registrar Steve Sands. "It's one of the best ways to avoid being deceived, as Wilson has been doing to unsuspecting Bay Area consumers."

Anyone who knows the whereabouts of Wilson or anyone else on the CSLB's Most Wanted list should contact their local law enforcement agency and then call the CSLB at (916) 255-2924.

Consumers seeking to hire a contractor should hire only license contractors, check license numbers and photo ID, and check their license number at www.cslb.ca.gov.

Consumers should generally not pay more than 10 percent or \$1,000, whichever is less, as a down payment. Don't pay in cash, don't let payments get ahead of the work, and make sure you get multiple bids, check references and get a contract in writing.

Nine Valley contractors cited for operating without license

By Alex Tavlian

May 29, 2012

Nine Valley contractors were cited on suspicion of operating without a license and other charges during a sting investigation May 24.

The contractors submitted bids for flooring, landscaping and tree services that were solicited by the Contractors State License Board's Statewide Investigative Fraud Team, board spokeswoman Venus Stromberg said.

Contractors are required to have a license if their bids exceed \$500 for labor and materials.

Some contractors were issued a stop order, which bars them from using employee labor until they obtain a valid workers' compensation policy.

Other contractors were cited for illegal advertising because they failed to state that they were not licensed contractors when advertising for jobs valued at under \$500.

Investigators cited Jesus Alejandro Zuniga and Gamaliel Palacios Gonzalez, who operate landscaping and tree service businesses; flooring contractors Michael J. Tilley, Michael M. Klatt, Ramon Roman and Clemente Gonzalez Jr.; and Jeffrey Scott Nelson, Dominic Nicholas Garcia and Rafael Soto-Castillo, who operate tree-servicing businesses.

Stromberg recommended that homeowners looking for a contractor should hire licensed contractors and ask to see their license and photo identification for verification.

Homeowners also should check the license number on the Contractors State License Board website, www.checkthelicensefirst.com; put down no more than 10% of the project cost or \$1,000, whichever is less; don't pay in cash; don't let payments get ahead of the work; get at least three bids; check references and get a written contract with the contractor.

Alameda, Contra Costa Counties Issue Warrant for East Bay Contractor's Arrest

By Bay City News

May 28, 2012

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Sting Operation Targets Unlicensed Contractors

May 25, 2012



About a dozen men received notices to appear in court following a sting operation targeting unlicensed contractors in the Central Valley.

Members of the Contractors State License Board went undercover at a home in Northwest Fresno Thursday afternoon. They got bids from unlicensed contractors for work the handymen are not legally allowed to perform.

By law, any project that totals \$500 or more for labor and materials has to be done by a licensed contractor.

Experts say homeowners who don't care whether someone is licensed may be inviting a criminal into their home without even knowing it.

"They now know when you're home. They know if you have a family. They know who sleeps in what room. You really have to be careful when you're inviting people into your home," said Linda Ingram, with the Contractors State License Board.

Contracting without a license carries a maximum of six months in jail and/or a fine up to \$5,000 for the first offense.

If you'd like to see if your contractor is licensed, click on the following link: <http://bit.ly/c09Jvw>.

**Collaboration Continues to Validate Program's Purpose
Coordination by California Agencies "Pays Off" for CALPASC's LEVEL Program**
May 24, 2012

California's subcontractors knew industry fraud was growing and it would take a focused, coordinated effort among multiple parties to stop the bleeding, which is why they established the LEVEL Program. The May 22 announcement of charges against the owner of Southland Construction substantiates the purpose of the Program when agencies, such as the Contractors State License Board (CSLB), Department of Industrial Relations, Employment Development Department (EDD), Franchise Tax Board (FTB) and the Orange County District Attorney (OCDA), collaborate in catching deceitful contractors in the underground economy. "Law-abiding contractors are forced to vie against corrupt contractors like the owner of Southland Construction when bidding on work," said California Professional Association of Specialty Contractors (CALPASC) Executive Director Brad Diede. "These outcomes of state and local coordinated efforts are exactly what we intended when establishing the Lasting Effective Violator Enforcement Leadership (LEVEL) Program, that is to level the playing field for honest contractors to effectively compete."

According to recent reports, Southland Construction owner, Reza Mohammadi, previously convicted for criminal threats, is accused of more than 45 felony accounts related to public works contracts, including failure to file tax returns and filing false returns, failure to pay taxes, taking and receiving portions of workers' wages and recording false instruments.

Operating out of multiple counties, Mohammadi allegedly hired undocumented Hispanic workers whom he threatened to "turn in" if they reported to authorities his elaborate scheme of falsifying payroll records. Additionally, he allegedly falsely reported wages up to \$53 per hour and provided workers with payroll checks in the same amount; however, he required workers to keep wages of only \$13 an hour and instructed them to cash their paychecks and use this difference of up to \$40 per hour to pay for project supplies or other workers' wages, resulting in more than \$350,000 embezzled funds. Mohammadi also is accused of instructing his workers on how to respond to public works inspectors if questioned about their wages.

"This owner's conduct triggered offenses against multiple agencies," said Doug Chappell, Business Manager, IBEW Local 441, Orange County, California. "We are pleased agencies are focused on collaborating to apprehend these types of unscrupulous individuals, otherwise their destructive behavior would continue with the state losing millions of dollars, trustworthy contractors losing bids and employers taking advantage of employees."

CALPASC initiated the LEVEL Program in 2010 to encourage state agencies to work closely together in apprehending general contractors, builders and subcontractors who violate important labor and safety laws and regulations to gain an unfair competitive advantage. A prime example of this is the California's Labor Enforcement Task Force (LETF), a multiple agency collaborative effort to combat the underground economy and improve the state's business environment, which recently announced a hotline for California workers and employers to call in documented complaints or provide enforcement tips.

California Labor Commissioner Julie Su said, "The results of this case and our partnership with the OCDA demonstrate that we take these violations seriously and will crack down on employers who cheat their workers and pose a threat to legitimate employers in the state. I intend to work with district attorneys across the state to ensure public works funds are used properly and workers are paid prevailing wages as required by law."

According to CSLB Registrar Steve Sands, "This is another example of successful collaboration between CSLB and its local and state partners. CSLB also is investigating Mohammadi for Labor Code violations on another public works project which, if substantiated, may result in revocation of his license."

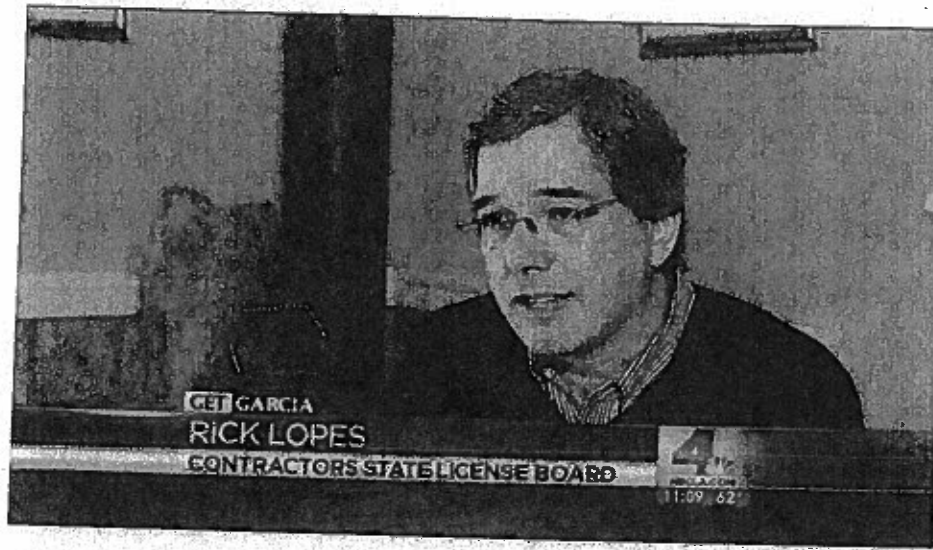
Diede concluded, "When agencies collaborate and coordinate efforts, dishonest contractors will be caught, and the industry will be restored to where it rightfully belongs with the 'good guys' winning and the 'bad guys' behind bars."

The California Professional Association of Specialty Contractors is a nonprofit 501(c)6 trade association advocating on behalf of trade contractors and suppliers of building materials in California. CALPASC is committed to educating members on complex issues and advancing safety and compliance within the building industry.

Get Garcia: Military Wife Says Craigslist Landscaper Scammed Her Out of \$1,000

By Ana Garcia and Robbi Peele

May 24, 2012



From construction to tree trimming, California laws are meant to protect consumers from unscrupulous contractors, but the laws don't always work. Just ask Regina Aleman.

Aleman and her three young children wanted to move to 29 Palms Military Base to be with her husband, Marine Sergeant Christopher Aleman. But first, Regina needed the backyard of their house in Upland landscaped so she could rent it.

Regina went onto Craigslist and contacted several companies, including Trees R Us.

Jonathan Rede went out to see what she needed done.

"I could do the whole job for \$1,700," Regina said Rede told her. "Then he asked for a thousand dollar deposit."

Regina wrote out the check and was happy when Rede and his crew started the job, but that was the last she saw of him.

Rede disappeared with the Aleman's thousand bucks.

"I called back again and again," Regina told NBC 4's Ana Garcia. "My husband has even tried to call. No answer."

Rede had a contractor's license number on his contract. It turns out it belonged to his wife so he would not be allowed to use it, even if it was a valid license, which it is not. His wife's license is suspended.

Operating without a license is not the only law Rede broke.

Rick Lopes is with the Contractor's State License Board, an agency in the business of catching unlicensed contractors.

"They can ask for no more than 10 percent or a thousand dollars, whichever is less," said Rick Lopes with the Contractor's State License Board, an agency in the business of catching unlicensed contractors.

"So if this contract is for \$1,700, they couldn't ask for a deposit any bigger than \$170."

Investigators set up a sting and made an appointment with Jonathan Rede to get an estimate. NBC4 brought along hidden cameras.

The state also called in police officers because Rede is wanted on a \$50,000 warrant for vandalism.

Lopes said Rede was a no show.

"About 20 minutes before the appointment, he called us and said that he was in a car accident," Lopes said.

No one can be sure whether that was true or if Rede became suspicious.

NBC4 decided to try to find him. We set up hidden cameras in and around the lawn of a house in Upland. Then a Get Garcia producer called Rede and left him a voicemail message saying she needed some work done on a tree. He did not return the call.

Meanwhile, Rede continued to look for new business, running ads daily on Craigslist under various names like Your Neighborhood Tree Service, Christian Family Tree Service and Licensed Tree Service with promises to be "safe" and "reliable."

After attempts by the state and NBC4 proved fruitless, the Get Garcia team made another call to Lopes from the Upland house outfitted with hidden cameras. We were told a man named "Riccardo" would come out.

Finally, someone showed up.

"Are you Riccardo?" our producer asked.

"Yes, how are you doing?" the man responded.

Our producer took "Riccardo" around the yard, saying she needed a tree trimmed, another tree planted, some lawn work and a flower bed extended.

"Riccardo" said he could do the job for \$1,055. Then he asked for a deposit of \$250, nearly a quarter of the estimate and much higher than the 10 percent allowed by law.

Ana Garcia, who had been watching the situation unfold from inside the house, joined the producer and "Riccardo" on the lawn.

"Hi, Jonathan Rede, Ana Garcia with NBC4 News. We've been looking for you."

The man on the lawn, the man who called himself Ricardo, was in fact Jonathan Reed.

"We want to talk to you about Marine Sergeant Aleman. He and his family say you owe him \$1,000," Garcia told him.

"They wanted us to put some sprinklers and some lawn in. They were upset because we didn't move a swing and a shed," Rede responded.

Ana asked why he had not returned the Aleman's repeated phone calls.

"It was twice," Reed told Ana. "I told them to take us to court."

Next, Garcia asked about his contracting license: "Is that a valid license?"

"No," he responded.

"So you're operating without a license?" she asked.

"Yes, I am," the man said.

The Contractors State License Board said it is still looking for Rede and sooner or later, it will find him. In the meantime, the Alemans' backyard is still bare and their bank account is still down \$1,000.

"I want people to know what he's doing," Regina said. "He's just scamming everyone and I know I'm not the only one."

The Contractor's State License Board said that to protect yourself, always verify a contractor's license number.

License numbers can be verified by entering the digits on the Contractors State License Board's website here. And never pay a deposit that is more than 10 percent of the job.

REGISTER

D.A.: Man stole \$350,000 in worker's pay

By Vik Jolly

May 23, 2012

SANTA ANA – A Tustin man's arraignment Wednesday was continued to June 6 on an indictment accusing him of embezzling more than \$350,000 in employee wages from public works contracts and filing false tax returns to hide his theft.

Prosecutors say this is the first prosecution of its kind in Orange County for fraud related to a public works contract.

Reza Mohammadi, 57, is charged with more than 40 felony counts, including failing to file a return with the intent to evade tax, willful failure to pay tax, taking and receiving a portion of a worker's wage on public work, recording false and forged instruments, and filing false tax returns, according to the Orange County District Attorney's Office.

If convicted on all counts, he faces a maximum sentence of 48 years in state prison. The defendant is being held on \$500,000 bail and must prove the money is from a legal and legitimate source before posting bond, the D.A.'s Office said in a news release.

Mohammadi is accused of owning and operating Southland Construction in the counties of Orange, Los Angeles, Riverside, and San Bernardino.

For the case in Orange County, prosecutors accuse him of the following:

Between December 2008 and February 2012, Mohammadi entered into public works construction contracts with the Brea, Fullerton, Orange, Laguna Woods, the county, Saddleback Valley Unified School District, and the Orange County Transit Authority. He hired mostly undocumented Hispanic workers and threatened to call authorities if they reported his scheme.

Mohammadi coached his workers, prosecutors said, on what to say if a public works inspector asked them questions regarding their wages. He submitted fraudulent payroll reports falsely stating he was paying the workers the correct wage of \$42 to \$53 an hour for each project. Instead, he is accused of paying them \$13 an hour.

The payroll checks he handed out showed the correct wage amounts. Mohammadi then required his employees to return a majority of their pay to him after they cashed their checks, according to the news release.

He embezzled more than \$350,000 in employee wages from his public works contracts for his own use through the scheme, prosecutors say.

Between 2008 and May 2012, Mohammadi is accused of failing to accurately report employee wages and filing two false and fraudulent reports of employee wages with the Employment Development Department, the release said.

When he did give his employees W-2 forms, prosecutors said, he falsely reported their wages at the correct wage rate while paying them significantly less. He then filed false income tax reports with the Franchise Tax Board to hide the theft, they said.

Check contractors for workers' comp coverage

By Bill Burnett and Kevin Burnett

May 23, 2012

Q: Several years ago, you wrote a column that was partially prompted by e-mail about the dangers of hiring unlicensed contractors. Now that the home improvement season is upon us, the Contractor's State Licensing Board is warning about another danger to homeowners: lack of workers' compensation insurance.

I've noticed advertisements for many licensed home improvement contractors, spanning many crafts from landscape, to drywall and painting, who don't carry workers' compensation insurance.

I think you may remember the story I mentioned before about the roofer who picked up a worker outside a local home improvement store only to have that worker fall off the homeowner's roof and suffer serious injuries. The worker ended up suing the homeowner for compensation.

John Motroni, San Francisco

A: We certainly do remember the story and the events leading to it. We wrote that hiring unlicensed workers was OK, providing the homeowner was aware of the risks. Motroni, who at the time was a producer for "7 on Your Side," a consumer protection TV segment on KGO news, took issue.

After several e-mail exchanges, we came to the shared conclusion that hiring a worker for "a little government work" was probably OK provided the homeowner knew the worker and realized that he, the homeowner, was taking on the role of contractor, with all the responsibilities that entails.

That means that if the job wasn't done right, there is no recourse against the unlicensed worker and that the homeowner is responsible to provide workers' compensation insurance or suffer the legal consequences should the worker get hurt.

May is National Home Improvement Month and the ideal time to get out the word about do's and don'ts when hiring contractors. The Contractor's State License Board provides this 10-point checklist for hiring a contractor.

- Hire only state licensed contractors.
- Ask to see a copy of the contractor's license and insurance and check that the contractor's license is in good standing at www.cslb.ca.gov.
- Get at least three bids.
- Get references from each bidder and take the time to check out their work.
- Make sure the details of the project and the payment terms are in writing.
- Confirm the contractor's liability and workers' compensation policies are active and the coverage amounts are adequate by calling the insurance companies.
- Don't pay more than 10 percent of the contract price or \$1,000; whichever is less, as a down payment.
- Progress payments should not get ahead of the work.
- Keep a job file containing all relevant paperwork including the contract and record of payments.
- Do not make the final payment until you're satisfied with the job, including cleanup.

California recently has been cracking down on unlicensed and underinsured contractors. In February, the Contractor's State License Board, in conjunction with the Alameda County district attorney's office, conducted a sting in the Berkeley hills.

It solicited bids for flooring, painting, glazing and landscaping projects on a 2,500-square-foot home. The sting netted 12 unlicensed contractors, four of whom did not have workers' compensation insurance for their workers.

A tradesman doing a job for less than \$500 in labor and materials is not required to be licensed. A solo licensed contractor doing his own work without any employees is not required to carry a workers' compensation policy.

So if you're hiring a contractor for a job costing more than \$500 or he has employees, make sure he has the proper license and adequate insurance or realize you may have to pay the piper.



Convicted contractor suspected of cheating more customers

By Michael Finney
May 21, 2012



OAKLAND, Calif. (KGO) -- A Bay Area man convicted in 2008 of bilking homeowners out of \$23,000 is out of jail, and now he's suspected of cheating even more customers. Arrest warrants have been issued in two counties. 7 On Your Side's Michael Finney first investigated this man four years ago.

7 On Your Side has issued numerous warnings about hiring unlicensed contractors over the years. Prosecutors say this is what can happen if you ignore that advice.

Gloria Brooks has been living in her Oakland home for more than 25 years. She says she paid a contractor \$3,600 to make repairs she had to have someone else re-do.

The man she's referring to is Khalid Wilson.

Brooks hired him to remodel her home, but she said he never satisfactorily finished it. Wilson was convicted of three felony counts in 2008. This, after separate investigations by 7 On Your Side and state regulators revealed Wilson was working illegally without a license and cheating customers out of thousands of dollars.

"He's somebody that will take an excessive, illegally large down payment up front, do very little work and not come and finish the job," said Venus Stromberg of the Contractors State License Board.

A judge sentenced Wilson in 2008 to eight months in county jail and ordered him to pay \$23,000 in restitution, but authorities continued to receive complaints about him after his release the following year.

"He's still using the license number that was revoked, which has resulted in the newest criminal filing for which there is another warrant," said Stromberg.

Brooks said she didn't realize she had hired an unlicensed contractor until it was too late.

"I was very upset. I wished I had researched it before and should have, but I didn't. He presented himself so well," said Brooks.

That's the same thing others told 7 On Your Side back in 2008 before his conviction.

"All I needed to do was call the state Contractors License Board, find out his license was not in good standing and that would have tipped it off and I wouldn't be in the mess I'm in today," said Bruce Goldsmith of Oakland.

"Unfortunately a lot of Californians don't know that a contractor may not ask for more than 10 percent down or \$1,000, whichever is less. So if anybody ever asks you for more than \$1,000 up front, that's a red flag," said Stromberg.

Arrest warrants have been issued for Wilson in Contra Costa and Alameda counties.

THE PINE TREE.NET

The Celebrated News of Calaveras County and Beyond

Second Annual Cal-Neva Border Blitz Nets 16 Phony Contractors....California, Nevada Contractor Boards Hit Underground Economy on Both Sides of State Line

By Kim Hamilton

May 18, 2012

Sacramento, CA...The California Contractors State License Board (CSLB) and Nevada State Contractors Board (NSCB) conducted their second annual simultaneous enforcement operation on May 16, 2012, sending 11 people to court in El Dorado County, California and five in Douglas County, Nevada, for contracting without a license and related violations of home improvement contracting law. The sting operations were conducted at a single family home in the Tallac Park area of South Lake Tahoe, California while the other was in a vacant business property at a Stateline, Nevada strip mall.

In both operations, investigators from CSLB's Statewide Investigative Fraud Team (SWIFT) and the Nevada Board posed as property owners who were seeking bids for carpentry, painting, and landscaping. Some of the SWIFT investigators observed the Nevada operation, as did Nevada investigators at the California sting. Suspects who bid more than the legal limit for labor and materials were issued a notice to appear (NTA) in superior court.

It is against California law to contract for home improvement or construction jobs valued at \$500 or more for labor and materials without a state-issued contractor license. In Nevada, it is illegal to contract for such jobs valued at more than \$1,000. California law also requires licensees to place their license number in all forms of advertising. Those who work on jobs valued at less than \$500 may advertise their services, but those ads must state that they are not a licensed contractor. Nevada prohibits anyone without a trade license to advertise for services. California and Nevada have a reciprocity agreement, which simplifies the application process for contractors licensed in one state who want to seek a license in the other.

Individuals on probation for theft and burglary were among those who bid on the Lake Tahoe area projects. Michael D. Abbey, who bid on a painting job at the California sting site, was on probation for theft. Eric James Brown, who bid on cabinetry work at the South Lake Tahoe house, was accompanied by Tyson McKenrick. DCA investigators transported McKenrick to jail for a probation violation on a prior burglary conviction.

"These simultaneous sting operations help maximize CSLB's reciprocity agreement and the cooperation among our two state boards, giving our investigators the opportunity to join forces against those engaged in underground economic activity on both sides of the state line," said CSLB Registrar Steve Sands. "It is important that those contracting for home improvement projects in both states comply with the laws of the state they are working in to protect consumers and law-abiding contractors."

"The opportunity to join forces with California and combine our efforts to combat unlicensed contracting is a win-win for us all," added NSCB Executive Officer Margi A. Grein. "We hope these events serve as a strong reminder that contracting without a license is not tolerated in either of our states, and that protecting the public from unscrupulous contractors continues to be our primary role and focus at the Board."

Law enforcement backup was provided at the California sting site by the El Dorado County District Attorney's Office and the Department of Consumer Affairs' Division of Investigations.

AGENDA ITEM G

Legislative Update



AGENDA ITEM G-1

Status of 2012 Legislation



2012 Legislation		
CA AB 1588	AUTHOR: TITLE: LAST AMEND: LOCATION: SUMMARY:	Atkins [D] Professions and Vocations: Reservist Licensees 06/25/2012 Senate Special Consent Calendar <p>Requires boards within the Department of Consumer Affairs to waive renewal fees, continuing education and other renewal requirements as determined by the board, of any licensee or registrant who is a reservist called to active duty as a member of the Military Reserve or the California National Guard if certain requirements are met. Requires a licensee or registrant to meet certain renewal requirements within a specified period after discharge and prior to engaging in activity requiring a license.</p> STATUS: 08/15/2012 In SENATE. To Special Consent Calendar.
CA AB 1655	AUTHOR: TITLE: LAST AMEND: LOCATION: SUMMARY:	Dickinson [D] Public Employees: Rights 03/20/2012 Assembly Appropriations Committee <p>Enacts the Public Employees' Bill of Rights Act. Informs public employees of their rights and terms of employment in order to promote harmonious personnel relations between public employees and their employers. Provides that state employees shall be entitled to priority over contractors in filling permanent, overtime, and on-call positions. Prescribes certain rights for employees who are required to maintain a professional license. Authorizes the formation of a peer review committee for professionals.</p> STATUS: 05/25/2012 In ASSEMBLY Committee on APPROPRIATIONS: Held in committee. Notes: Sponsor - Author POSITION: WATCH
CA AB 1750	AUTHOR: TITLE: LAST AMEND: LOCATION: SUMMARY:	Solorio [D] Rainwater Capture Act of 2012 08/07/2012 Senate Third Reading File <p>Enacts the Rainwater Capture Act of 2012. Authorizes residential, commercial and governmental landowners to install, maintain, and operate rain barrel systems and rainwater capture systems if certain requirements are met. Relates to water standards for indoor use of rainwater. Authorizes a landscape contractor working within the classification of his or her license to enter into a prime contract for the construction of a rainwater capture system if the system is used exclusively for specified purposes.</p> STATUS: 08/07/2012 In SENATE. Read second time and amended. To third reading. Notes: Sponsor - Author

	POSITION:	WATCH
CA AB 1794	AUTHOR:	Williams [D]
	TITLE:	Unemployment Insurance: Employer Reporting
	LAST AMEND:	08/06/2012
	LOCATION:	Senate Third Reading File
	SUMMARY:	Authorizes the Employment Development Department to provide the specified new employee information to the Joint Enforcement Strike Force on the Underground Economy, the Contractors' State License Board, and the State Compensation Fund. Requires these agencies to execute a memorandum of understanding regarding the administration and enforcement of reporting and payroll duties relating to contractors.
	STATUS:	08/07/2012 In SENATE. Read second time. To third reading.
	Notes:	Sponsor - CA State Council of Laborers
	POSITION:	SUPPORT
CA AB 1904	AUTHOR:	Block [D]
	TITLE:	Professions and Vocations: Military Spouses
	LAST AMEND:	06/12/2012
	LOCATION:	Senate Special Consent Calendar
	SUMMARY:	Relates to the issuance of reciprocal licenses, regulated by the Department of Consumer Affairs, in certain fields. Requires a board within the department to expedite the licensure process for an applicant who holds a license in the same profession or vocation in another jurisdiction and is married to or in a legal union with an active duty member of the armed forces of the United States who is assigned to a duty station in the state under official active duty military orders.
	STATUS:	08/15/2012 In SENATE. To Special Consent Calendar.
	Notes:	Sponsor - Author
	POSITION:	WATCH
CA AB 1920	AUTHOR:	Berryhill B [R]
	TITLE:	Contractors: Compensation
	LAST AMEND:	04/09/2012
	DISPOSITION:	Failed
	LOCATION:	ASSEMBLY
	SUMMARY:	Relates to the Contractor's State License Law. Authorizes a person acting in the capacity of a contractor without a license to bring or maintain an action for recovery of compensation for any act or contract if the person had previously been licensed as a contractor in the state. Limits the liability of a contractor performing work outside the scope of his or her license to the value of the unlicensed work under certain conditions. Provides factors for a court to consider relative to the loss of a license.
	STATUS:	07/03/2012 From ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION without further action pursuant to

JR 62(a).

CA AB 2219

AUTHOR: Knight [R]
TITLE: Contractors' Workers' Compensation Insurance Coverage
LAST AMEND: 08/06/2012
DISPOSITION: Pending
FILE: 419
LOCATION: Senate Special Consent Calendar
SUMMARY:

Amends existing law requiring licensed contractors to have on file with the Contractors' State License Board, a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in the applicant or licensee's business name, or a statement certifying that he or she has no employees and is not required to obtain or maintain workers' compensation insurance. Requires certain roofing contractors to have such insurance even if there are no employees. Relates to audits.

STATUS:

08/15/2012 In SENATE. To Special Consent Calendar.

Notes:

Sponsor - Author

POSITION: WATCH

CA AB 2237

AUTHOR: Monning [D]
TITLE: Contractors: Definition
LAST AMEND: 04/09/2012
DISPOSITION: To Governor
LOCATION: Enrolled
SUMMARY:

Defines the term consultant for purposes of the definition of a contractor to include a person who provides a bid, or who arranges for and sets up work schedules, and maintains oversight of a construction project, with respect to a home improvement contract.

STATUS:

08/16/2012 Enrolled.

Notes:

Sponsor - CSLB

POSITION: SPONSOR, SPONSOR

CA AB 2482

AUTHOR: Ma [D]
TITLE: Registered Interior Designers
LAST AMEND: 04/10/2012
DISPOSITION: Pending
LOCATION: Assembly Business, Professions and Consumer Protection Committee
SUMMARY:

Creates the California Registered Interior Designers Board within the Department of Consumer Affairs. Requires the board to issue a license to a person who meets specified requirements. Authorizes licensees, architects, landscape architects, and engineers to join or form business organizations or associations with persons outside their field of practice if certain requirements are met.

STATUS:

04/24/2012 In ASSEMBLY Committee on BUSINESS, PROFESSIONS &

CONSUMER PROTECTION: Not heard.

CA AB 2554

AUTHOR: Berryhill B [R]
TITLE: Contractors
ENACTED: 07/10/2012
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 85
SUMMARY:

Specifies that revocation of a license, under the Contractors' State License Law, does not deprive the Contractors' State License Board of jurisdiction to proceed with, among other things, any investigation or disciplinary proceeding against the licensee. Provides for the renaming of the enforcement unit as the enforcement division.

STATUS:

07/10/2012 Signed by GOVERNOR.

07/10/2012 Chaptered by Secretary of State. Chapter No. 85

Notes:

Sponsor - CSLB

POSITION: SPONSOR

CA AB 2570

AUTHOR: Hill [D]
TITLE: Licensees: Settlement Agreements
LAST AMEND: 08/06/2012
DISPOSITION: Pending
FILE: 240
LOCATION: Senate Third Reading File
SUMMARY:

Relates to professional misconduct by an attorney. Prohibits a licensee who is regulated by the Department of Consumer Affairs or various boards, bureaus, or programs from including a provision in an agreement to settle a civil dispute that prohibits the other party in that dispute from contacting, filing a complaint with, or cooperating with the department, board, bureau, or program. Authorizes any entity within the department to adopt related regulations exempting such agreements for causes of action.

STATUS:

08/07/2012 In SENATE. Read second time. To third reading.

Notes:

Sponsor - Author

CA SB 691

AUTHOR: Lieu [D]
TITLE: Unemployment Insurance: Compensation
LAST AMEND: 01/04/2012
LOCATION: Assembly Inactive File
SUMMARY:

Amends the Unemployment Insurance Code. Expands the definition of authorized governmental agency to include the Contractors' State License Board.

STATUS:

08/13/2012 In ASSEMBLY. Read second time. To Consent Calendar.

08/13/2012 In ASSEMBLY. From Consent Calendar. To Inactive File.

CA SB 975

AUTHOR: Wright [D]
TITLE: Professions and Vocations: Regulatory Authority
LAST AMEND: 06/27/2012
DISPOSITION: Pending
FILE: 191
LOCATION: Assembly Third Reading File
SUMMARY:

Provides the State Architects Board and the Board of Professional Engineers, Land Surveyors, and Geologists have the sole and exclusive authority to license and regulate professions and vocations regulated by those boards pursuant to provisions of the Business and Professions Code and that no licensing requirements shall be imposed upon a person licensed to practice one of those professions or vocations other than under that code or by regulation promulgated by the board.

STATUS:

07/05/2012 In ASSEMBLY. Read second time. To third reading.

CA SB 1185

AUTHOR: Price [D]
TITLE: Centralized Intelligence Partnership Act: Pilot Program
LAST AMEND: 05/29/2012
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:

Establishes a pilot program to create a multiagency partnership consisting of the Employment Development Department, Franchise Tax Board, and the State Board of Equalization to collaborate in combating illegal underground operations. Creates a related advisory committee to provide guidance. Requires the partnership to annually report to the Legislature on its activities.

STATUS:

08/16/2012 In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

Notes:

Sponsor - Board of Equalization

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 1588 (Atkins)
Status/Location: Amended 6/25/12; Senate Floor
Sponsor: Author
Subject: Fee Waivers for Military Reservists
Code Section: Business and Professions Code Section 114.3

Summary:

Existing law authorizes any licensee within the Department of Consumer Affairs (DCA) whose license expired while he or she was on active duty as a member of the California National Guard or the United States Armed Forces to reinstate his or her license without examination or penalty if specified requirements are met.

This bill:

1. Requires every DCA board, commission, or bureau to waive the renewal fees and continuing education requirements for any licensee or registrant who is a reservist called to active duty as a member of the United State Military Reserve or the California National Guard, if all of the following requirements are met:
 - (a) The licensee or registrant possessed a current and valid license with the board at the time the reservist was called to active duty.
 - (b) The renewal fees are waived only for the period during which the reservist is on active duty service.
 - (c) Written documentation that substantiates the licensee or registrant's active duty service is provided to the board.
2. Provides that the licensee or registrant shall not engage in activities that require a license during the period that the waiver is provided.
3. Further requires that in order to engage in any activities for which he or she is licensed, the licensee or registrant shall meet all necessary renewal requirements as determined by the board within one year from date of discharge from active duty.
4. Authorizes a board to adopt regulation as necessary for implementation.

Background:

According to the author, AB 1588 ensures military professionals will not be penalized for their military service by allowing their professional licenses to fall into delinquency and possible suspension during their service period. It is important to find ways to support our military reservists' civilian lives while they serve our nation. Military professionals should not be expected to pay to renew an expensive license or fulfill continuing education requirements for a professional license they cannot use on active duty.

Fiscal Impact for CSLB:

Unknown, but potentially resulting in a minor reduction in license/registration renewal and minor and absorbable workload increases for the Contractors State License Board (CSLB) Licensing Division. Additionally, minor but absorbable cost/workload to CSLB's

Information Technology Division, as it is assumed that the information would be entered manually into the CSLB licensing system.

There could be a potential impact to BreEze implementation, but CSLB has no way of estimating those workload impacts or associated costs.

Board Position and Comments:

WATCH. This bill should not have a significant impact on CSLB. However, the number of licensees that would benefit from this bill is unknown, as CSLB does not track military status for its licensees.

Currently, the bill provides that the waiver is only for the time in which the reservist is on active duty. As this period is not likely to correspond exactly to the renewal period, presumably the licensee would be responsible for paying the fee upon leaving active duty status. Would the licensee pay the full fee or a prorated portion?

Support:

Veterans of Foreign Wars of the United States, Department of, California American Federation of State, County and Municipal Employees American, Nurses Association California, Hearing Health Care Providers of California

Opposition:

None on file

Date: August 9, 2012

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 1750 (Solorio)
Status/Location:	Amended 8/7/12; Senate Floor
Sponsor:	Author
Subject:	Rainwater Capture Act of 2012
Code Section:	Business and Professions Code Section 7027.5; Water Code Section 10570

Summary:

1. Authorizes a C-27 landscape contractor to enter into a prime contract for a rainwater capture system that is exclusively used for landscape irrigation.
2. Further authorizes a C-27 to design and install all exterior components of a rainwater capture system that are not a part of, or attached to, a structure.
3. Contains findings and declarations regarding the need to collect rainwater and stormwater.
4. Specifies that this bill does not authorize a C-27 to engage in or perform activities that require a license under the Professional Engineers Act.
5. Defines “rainwater capture system” as a facility designed to capture, retain and store rainwater flowing off a building, parking lot, or any other manmade, impervious surface, for subsequent onsite use.
6. Authorizes any residential, commercial, or governmental landowner to install, maintain and operate a rainwater capture system, under specified conditions.

Background

According to the author, current law does not authorize a landowner, at least explicitly, to capture rainwater in a cistern or water tank, although plumbing regulations have taken some steps in that direction. State law needs to be clear that Californians are allowed – even encouraged – to capture and use rainwater on their property, to reduce demand on our precious drinking water supplies.

Legislative History:

AB 275 (Solorio, 2011) was substantially the same as AB 1750. CSLB took a watch position on AB 275. The Governor vetoed the bill, stating, “This measure seeks to adopt an interim standard for rainwater capture outside the established Building Standards Commission process. Without some urgency or a more compelling reason, I think it is better to stick with the process and follow existing California law.”

AB 1834 (Solorio, 2010) was similar to AB 275. CSLB did not take a position on this bill. The final version had no opposition. The Governor vetoed the bill primarily due to the fact the bill included rainwater capture systems for eligibility under the Property Assessed Clean Energy Program.

Fiscal Impact for CSLB:

This bill is keyed non-fiscal.

Minor fiscal impact by requiring an exam update with one or two subject matter expert (SME) meetings at a cost of less than \$10,000. Exam administration impact would be minimal. Also, it is possible there would some Enforcement costs for additional complaint processing and investigation resulting from the expansion of the classification.

Board Position and Comments:

WATCH. This bill would not result in a significant change. It is already CSLB's policy that C-27 licensees are authorized to install rainwater capture systems at a single family residence. Existing law already provides that projects outside of the C-27 scope must be done by a B contractor or the appropriate specialty contractor.

The Landscape Contractors Association previously indicated they wanted to amend BPC 7027.5 to make it clear C-27s could do this work themselves and don't need to subcontract, but as that is already the opinion of CSLB, it does not provide any new authority.

Support:

American Rainwater Catchment Systems Association; American Society of Civil Engineers-Region 9; Association of California Water Agencies; California Building Officials; California Landscape Contractors Association; California Park & Recreation Society; California State Pipe Trades Council; City of Santa Monica; Clean Water Action; Coastal Environmental Rights Foundation; Coastkeeper Alliance; Desal Response Group; East Bay Municipal Utility District; Environment California; Family Winemakers of California; Metropolitan Water District of Southern California; Mosquito Vector Control Association of California; Municipal Water District of Orange County; Natural Resources Defense Council; Orange County Coastkeeper; Planning and Conservation League; Planning and Conservation League; Residents for Responsible Desalination; San Francisco Water Power; San Gabriel Valley Municipal Water District; Santa Clara Valley Water District; Sierra Club California; Southern California Water Committee; Southern California Watershed Alliance; Surfrider; The Metropolitan Water District of Southern California; TreePeople; United States Green Building Council, California

Opposition:

None on file.

Date: August 8, 2012

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 1794 (Williams)
Status/Location: Amended 8/6/12; Senate Floor
Sponsor: California State Council of Laborers
Subject: Unemployment Insurance: Reporting and Payroll
Code Section: Unemployment Insurance Code Section 1088.5

Summary:

Existing Law:

1. Provides that it is a misdemeanor for a licensed contractor or qualifier on a license to file with the Contractors State License Board (CSLB) a false worker's compensation insurance exemption certificate.
2. Requires each employer to file with the Employment Development Department (EDD) a report of wages paid to his employees, and to file specified information on new hires.

This Bill:

1. Authorizes, until January 1, 2019, EDD to provided new employee information filed by employers to the Joint Enforcement Strike Force, for the purposes of auditing, investigating, and prosecuting violations of tax and cash-pay reporting laws..
2. Requires, on or before July 1, 2013, EDD, CSLB and SCIF to execute a memorandum of understanding to share information and coordinate enforcement actions against contractors that fail to report new employees to EDD and accurate payroll to SCIF.

Background

Underreporting of worker's compensation (WC) insurance is a serious problem in California. A significant number of employers either report no employees or misreport the type of employees they have, such as calling a roofer a receptionist, to qualify for a lower premium, which is known as premium insurance fraud. According to the Center for the Study of Social Insurance at UC Berkeley, this has led to premium rates that are unfairly high for employers of high risk workers, such as construction, premiums that are as much as 2-3 times as high as they should be if all employees were reported accurately.

Premium insurance fraud also has a significant negative impact on the state, as it contributes to an underreporting of payroll. The Center for the Study of Social Insurance estimates that from 1997-2005, an average of \$15 to \$68 billion of California payroll was annually underreported.

Unlike automobile or health insurance policies that require immediate notification to the insurance carrier when adding a vehicle or seeking to add a family member to insurance policies, WC carriers only require periodic reporting of payroll and an annual reconciliation. WC carriers do not currently require notification by an employer when a worker is hired. Subsequently, many employers have minimum policies and only add an

injured worker after the injury occurs, thus increasing the cost for premium paying contractors who legitimately report employees.

However, prosecution of premium fraud is a long, arduous process, typically requiring a search warrant and a forensic audit. A premium fraud conviction can take years to adjudicate. Because of the resources required, many prosecutors will not pursue premium fraud cases unless the underreporting involves amounts that exceed \$100,000 to \$500,000, and even when those amounts are met or exceeded, some prosecutors will not pursue a premium fraud case because of complexity and resource challenges. District attorneys (DAs) have said that prosecuting a premium fraud case is more difficult than prosecuting a homicide case.

Enforcement:

CSLB currently has the authority to take action against a licensee for failing to report employees to EDD under Business and Professions Code Section 7110.

Fiscal Impact for CSLB:

Any enforcement administrative case workload against a licensee would be absorbable within existing resources and only pursued if resources permit. Impact to Information Technology would be minimal.

Board Position and Comments:

SUPPORT. This bill will ensure that more current information on construction employees is available, which will assist with the enforcement of the existing worker's compensation insurance requirement.

The approximate premium a roofing contractor pays to insure their labor (not clerical) is 20% on every dollar of payroll. A roofing contractor who pays four (4) employees \$50,000 per year, for a total payroll of \$200,000, would typically pay the WC provider a \$40,000 premium. A sample of 64 roofing contractors (C39 classification), who are required to carry WC to have a clear, active license, determined that more than half or approximately 54% have either a minimum or nearly minimum WC policy:

- 29 (approx. 45%) have minimum WC policies
 - Average premium paid is approx. \$866.
- 6 (approx. 9%) have nearly minimum WC policies
 - Average premium paid is approx. \$2,803
 - Average estimated reported payroll is \$14,010

This bill also contains chaptering out amendments to adopt changes to the same code section contained in AB 1845, in the event both bills are signed by the Governor.

Support:

California State Council of Laborers (sponsor); California Association of Specialty Contractors; California Chapters of the National Electrical Contractors Association; California Labor Federation; California Landscape Contractors Association; California Legislative Conference of Plumbing, Heating and Piping Industry; California State Association of Electrical Workers; California State Pipe Trades Council;

Construction Industry Legislative Council; Contractors State License Board; Union Roofing Contractors Association; Western States Council of Sheet Metal Workers

Opposition:

None on file

Date: August 8, 2012

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 1904 (Block)
Status/Location: Amended 6/12/12; Senate Floor
Sponsor: None
Subject: Military Spouses: Expedited Licensure
Code Section: Business and Professions Code Section 115.5

Summary:

Requires a board within the Department of Consumer Affairs (DCA) to expedite the licensure process for the spouse of an activity duty member of the US Armed Forces who is stationed in California, under specified conditions.

Existing Law _authorizes a licensee to reinstate an expired license without an examination or penalty if, among other requirements, the license expired while the licensee was on active duty as a member of the California National Guard or the United States Armed Forces.

This Bill:

1. Requires a board within DCA to expedite the licensure process for an application who meets both of the following criteria:
 - (a) Supplies satisfactory evidence that he or she is married to, or is in a domestic partnership or other legal union with, an active duty member of the US Armed Forces who is assigned to a duty station in California under official active duty military orders.
 - (b) Holds a current license in another state, district, or territory of the US in the profession for which he or she is seeking licensure.
2. Authorizes a board to adopt regulations if needed for implementation.

Fiscal Impact for CSLB:

No significant impact.

Board Position and Comments:

WATCH. This bill had been substantially amended. As introduced, the bill authorized boards to issue reciprocal licenses to military spouses.

The current provisions of the bill would have virtually no impact on CSLB's workload. CSLB already expedites application processing for other just causes, so these applications would be added to that existing process, and the number of applications should be minimal. We should not need to promulgate regulations for implementation.

Background:

According to the Department of Defense State Liaison Office,

Over 70% of our military spouses say they want to work or need to work.

Military families are not unlike their civilian counterparts; they depend on two incomes, and like anyone else, want to achieve their goals and aspirations. The annual percentage of the military spouse population that moves across state lines is 14.5% compared to 1.1% for civilian spouses. Military spouses also usually move every two to three years. These statistics make it clear that we are dealing with a unique population.

The DOD State Liaison Office conducted an informal study to identify some of the barriers hindering military spouses from attaining licenses following a military move. In a review of 20 states, using the top five highest professions in demand, according to the U.S. Department of Labor, the licensing timeline was delayed up to six months due to the exam process, application process, or requirement for background checks. We realize that the boards can make evaluation a lengthy process, which is exactly why we are requesting the licensing process be expedited for our spouses who may only have two to three years to work in California. If a spouse has to wait six or more months for review, state exams, and processing, they have very limited time to search for employment. Military spouses would be at an unfair disadvantage when it comes to finding employment. These delays in employment can cause significant hardship on the military family because of loss of needed income.

A 2012 report prepared by the US Department of the Treasury and the US Department of Defense found a significant correlation between a military spouse's employment and the person's decision on whether or not to re-enlist. The most common occupations for spouses that would be impacted by moving to another state are teaching, child care services, and nursing.

Support:

AFSCME; AMVETS- Department of California; California Association of County Veterans Service Officers; Blood Centers of California; Board of Behavioral Sciences; California Board of Accountancy; Department of Defense State Liaison Office; Department of the Navy; National Military Family Association

Opposition:

None on file

Date: August 8, 2012

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 2219 (Knight)
Status/Location: Amended 8/6/12; Senate Floor
Sponsor: Roofing Contractors Association of California
Subject: Contractors: Workers' Compensation Insurance Coverage
Code Section: Business and Professions Code Section 7135; Insurance Code Section 11665

Summary:

Removes the sunset date on the requirement for C-39 licensees (roofers) to carry workers' compensation insurance, extending this requirement indefinitely.

Existing Law:

1. Until January 1, 2013, requires a licensee with a C-39 classification to obtain and maintain workers' compensation insurance.
2. Requires the Registrar to suspend a C-39 license if the holder does not submit a valid certificate of workers' compensation insurance coverage, as of January 1, 2011.
3. Until January 1, 2013, requires automatic suspension of a license that, after January 1, 2011, held a C-39 Roofing classification which was previously removed for failure to provide workers' compensation coverage if that license holds other classifications and is subsequently found to have employees who are working without workers' compensation coverage.
4. Until January 1, 2013, requires an insurer who issues a workers' compensation insurance policy to a C-39 licensee to perform an annual payroll audit.

This Bill:

1. Eliminates the January 1, 2013 sunset date on the requirement that all C-39 licensees maintain workers' comp coverage, thereby extending this requirement indefinitely.
2. Requires the certificate of insurance or self-insurance on file to be in the applicant or licensee's business name.
3. Requires the Registrar to suspend any active C-39 license if there is no valid workers' comp policy on file, as of January 1, 2013.
4. Eliminates the January 1, 2013 sunset date on the requirement to automatically suspend a license if the license held a C-39 classification which was previously removed for failure to provide workers' compensation coverage, if that license holds another classification and is subsequently found to have employees who are working without coverage, thereby extending this provision indefinitely.
5. Eliminates the January 1, 2013 sunset date on the requirement for insurers to perform an annual payroll audit of C-39 licensees, thereby extending this requirement indefinitely.
6. Postpones the dates from January 1, 2011 until January 1, 2013 in existing law as the date by which a license must have workers' comp coverage, or it will be suspended.

7. Further requires the annual audit to include an in-person visit to the contractor's place of business to verify that the number of employees reported by the contractor is valid. Also requires the rating organization to track additional roofing classification and data on premiums and losses for specified intervals.

Background:

According to the author's office,

The roofing industry in California has among the highest workers compensation rates of all industries in the state. However, a high incidence of payroll reporting fraud has also helped lead to these exorbitant costs, as many roofing contractors under-report their payroll in order to secure lower workers compensation premiums. When roofing companies under report their payroll and carry substandard levels of workers compensation insurance, their employees are put at an even higher risk without appropriate insurance coverage in place, homeowners are unwittingly subjected to liability if a worker is injured, and honest roofing companies must subsidize the premiums of dishonest companies.

Data from the first two years of implementation of the insurance mandate reflects the effectiveness of the legislation in that 436 more roofing contractors were insured at the end of 2008 than were insured in 2000, despite fewer roofing contractors in business due to economic attrition.

Eliminating the sunset on this program will ensure a comprehensive approach to eliminating fraud in the roofing industry, which increases system efficiency, protects property owners and roofing employees, while also bringing down costs for California's honest roofing contractors. Furthermore, annually verifying reported payroll numbers through in-person visits (as opposed to simply a phone call) by the insurer during the audit period will further deter fraudulent claims, and will provide insurers with a more accurate picture of the size of roofing operations which they are insuring.

Legislative History:

AB 2305 (Knight, Chapter, 423, Statutes of 2010) extends the sunset date, from January 1, 2011 to January 1, 2013, in existing law requiring a roofing contractor to obtain and maintain workers' compensation insurance, even if he or she has no employees, and extends the parallel sunset date requiring the Department of Insurance to report on this effect. Additionally, added as a new requirement the suspension of any license that, after January 1, 2011, is active and has had the C-39 roofing classification removed, of the licensee is found by the registrar of contractors to have employees and to lack a valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance.

AB 881 (Emmerson, Chapter 38, Statutes of 2006) established the requirement for all C-39 licensees to maintain workers' compensation coverage.

Fiscal Impact for CSLB:

Minor and absorbable.

Board Position and Comments:

WATCH. The cost of workers' compensation insurance continues to escalate, in large part, because of employers who fail to report employees. CSLB has performed a study in select cities to measure roofing contractors' compliance with insurance requirements. The study determined that approximately 50% of roofing contractors insured with State Compensation Insurance Fund (SCIF) have "minimum policies." Basically, a minimum policy is the least amount for which the insurance provider is willing to insure an employer on a given policy. However, the insured is required to notify the carrier when they have payroll, but employers are not reporting payrolls to the insurance carriers.

The approximate premium a roofing contractor pays to insure their labor (not clerical) is 20% on every dollar of payroll. A roofing contractor who pays four (4) employees \$50,000 per year, for a total payroll of \$200,000, would typically pay the WC provider a \$40,000 premium. A sample of 64 roofing contractors (C39 classification), who are required to carry WC to have a clear, active license, determined that more than half or approximately 54% have either a minimum or nearly minimum WC policy:

- 29 (approx. 45%) have minimum WC policies
 - Average premium paid is approx. \$866.
- 6 (approx. 9%) have nearly minimum WC policies
 - Average premium paid is approx. \$2,803
 - Average estimated reported payroll is \$14,010

These numbers may indicate that this requirement is not achieving the desired result.

Additionally, the provisions that change the date from January 1, 2011 to January 1, 2013, as the date by which the license must have coverage or face suspension, can make continued implementation of this law problematic. If the license was not issued until 2014, do they fall under this provision? If the language stated "on or after January 1, 2013," it would cover all licenses that could fall under these circumstances in the future. It is also confusing as to how it would be handled if the C-39 classification was removed from the license in 2011, are they not subject to this suspension? Potentially, but it would be more clear to either remove the "after January 1, 2013" phrase (since the revisions would not take effect until then) or to add an "Effective January 1, 2013," phrase to the beginning of the subsection. That "effective" date phrase could also be a good alternative for subsection (e)(1).

The most recent change to the bill, contained in #2 under the summary of the bill's provisions, was made at the request of State Fund.

Economic Impact to Industry

The Assembly Appropriations Committee analysis indicates that a significant portion of the 4,800 active licensed roofing contractors are insured by the State Compensation Insurance Fund (SCIF). Requiring SCIF auditors to conduct annual in-person audits on all of these contractors would likely cost in excess of \$500,000 per year. The bill provides the insurers, including SCIF, with the authority to charge fees to recoup their costs.

Support:

Roofing Contractors Association of California (sponsor), American Subcontractors Association – California, Associated Roofing Contractors, BEST Contracting Services, Inc. Brian Hobbs Roofing, Inc., California Building Industry Association, California Labor Federation, California Professional Association of Specialty Contractors, Construction Industry Legislative Council, Eberhard Roofing, Lawson Roofing Company, Inc., Malott/Peterson Roofing Company, Reinhardt Roofing Roof Removal, Inc., Roofing Contractors Association of California (RCRC, Roscrete Roofing, Inc., State Building and Construction Trades Council, Troyer Contracting Co., Inc., Union Commercial Roofing, Union Roofing Contractors Association (URCA), United Union of Roofers, Waterproofers and Allied Workers Local 40, Vance and Associates Roofing, Inc.

Opposition:

None on file.

Date: August 20, 2012

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 2237 (Monning)
Status/Location:	Enrolled; Governor's Desk
Sponsor:	Contractors State License Board (CSLB)
Subject:	Construction Consultants
Code Section:	Business and Professions Code Section 7026.1

Summary:

This bill specifies that the definition of “consultant” for purposes of the definition of “contractor” includes a person, other than a public agency or owner of privately owned real property to be improved, who meets either of the following criteria, for work performed pursuant to a home improvement contract:

1. Provides or oversees a bid for a construction project.
2. Arranges for and sets up work schedules for contractors and subcontractors and maintains oversight of a construction project.

Fiscal Impact for CSLB:

1. Absorbable cost to enforcement to address unlicensed violators.
2. CSLB should enjoy an increase in applications for licensure.

Staff Recommendation and Comments:

SPONSOR/SUPPORT. CSLB’s April 24, 2008 *Precedential Decision No. 1* establishes that someone acting in the capacity of a swimming pool consultant is a contractor.

The March 27, 2009, Appellate Court decision *The Fifth Day v. Bolotin* found that someone acting in the capacity of a construction manager is not required to be licensed as a contractor.

The *Fifth Day v. Bolotin* decision undermines CSLB’s Precedential Decision.

Recently, an unlicensed contractor facing criminal prosecution for violating Business and Professions Code Section 7028 claimed to have been a project coordinator and asserted exemption from licensure, citing *The Fifth Day v. Bolotin* decision. Although the unlicensed contractor was not overseeing a contract between the project owner and a general contractor as in the *Fifth Day v. Bolotin* case, the defense strategy was nonetheless of concern to the prosecutor and ultimately resulted in a plea bargain dismissing the 7028 charge.

A prosecutor may move to dismiss a criminal complaint for unlicensed contracting or accept a plea on another violation where the defense cites *The Fifth Day v. Bolotin* and asserts exemption from licensing as a construction manager, project manager or project coordinator. Even when the facts and circumstances involved in a criminal case do not actually parallel *The Fifth Day v. Bolotin*, a prosecutor may be reluctant to challenge such a defense, as was the case during a recent court proceeding. Additionally, our

precedential decision may have a diminished impact given that the ruling in *The Fifth Day v. Bolotin* occurred subsequent to our decision.

Although we know of only one criminal charge for contracting without a license that was withdrawn as a result of the defense claiming exemption from licensing due to acting as a construction manager, the recent *The Fifth Day v. Bolotin* decision will surely be used as a defense strategy in the future. An amendment to the statute defining a contractor is needed to clearly preclude *The Fifth Day v. Bolotin* from being misapplied as a defense regarding the licensing requirement for those acting as a construction manager, project manager or project coordinator, thereby avoiding either having a prosecutor dismiss a criminal complaint or having to become embroiled in a protracted rebuttal to such a defense.

Note that in *The Fifth Day v. Bolotin* decision the construction manager was overseeing and supervising a general contractor and did not have a contract with the property owner to perform the construction work.

CSLB's precedential decision involved a swimming pool but it is applicable to any construction project because the conduct of someone claiming to be exempt from licensure as a consultant (similar to those calling themselves a construction manager, project manager or project coordinator) was found to be acting in the capacity of a contractor.

The harm to the consumer is that a remedy through criminal prosecution will not be available if the prosecutor chooses not to challenge a *The Fifth Day v. Bolotin* defense.

The intent of this proposal is not to license consultants or construction managers but to protect the public from persons presenting themselves as "consultants" but acting in the capacity of a contractor by scheduling subcontractors and exercising responsibility for the construction project.

Date: August 21, 2012

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 2554 (Berryhill)
Status/Location:	Chapter 85, Statutes of 2012 Committee
Sponsor:	Contractors State License Board (CSLB)
Subject:	Contractors: Disciplinary Action
Code Section:	Business and Professions Code Section 7011.4 and 7106.5

Summary:

Existing Law:

1. Creates a separate enforcement unit (SWIFT) within CSLB to rigorously enforce the law to prohibit all forms of unlicensed activity.
2. Provides that the expiration, cancellation, forfeiture, suspension, or voluntary surrender of a license does not restrict CSLB's jurisdiction to proceed with any investigation or disciplinary proceeding against a licensee.

This Bill:

1. Provides all enforcement representatives, not just those within SWIFT, the authority to issue a notice to appear (NTA).
2. Further provides that revocation of a license by operation of law does not restrict CSLB's authority to proceed with an investigation or to take disciplinary action against a licensee.

Fiscal Impact for CSLB:

AB 2554 would (1) specify that revocation of a license does not deprive the Registrar of jurisdiction to proceed with investigation or discipline proceedings against a license, and (2) rename the CSLB enforcement unit as the enforcement division. This bill is keyed non-fiscal. IT workload is estimated to be minor and absorbable, if necessary (for provision (2)). The Enforcement Division estimates any additional enforcement workload would be minor and absorbable – no more than five additional accusations per year.

Board Position and Comments:

SUPPORT/SPONSOR. 7011.4 - With the growing population and difficult economic times, there are many complaints filed against unlicensed and illegal contractors, many of whom do not have workers' compensation (WC) insurance for employees. CSLB's Enforcement division has Statewide Investigative Fraud Teams that perform proactive investigations, and conduct undercover sting and sweep operations. However, many complaints received against unlicensed contractors and uninsured contractors are received through the Investigation Centers (ICs). In addition, it is a demonstrated fact that 60% of licensees have filed for exemptions from WC insurance. Contractors who fail to carry WC for employees are considered to be part of the underground economy, and they pose a threat to consumers, legitimate licensees, businesses, and employees.

Pursuant to Business and Professions (B&P) Code section 7125.4 and Labor Code section 3700.5, it is a misdemeanor in the State of California to employ workers without having WC insurance. Further, it is a felony to underreport employees in order to lower WC insurance premium costs. In July 2010, the Fraud Assessment Commission gave the California Department of Insurance (CDI) a \$30 million grant to prosecute WC fraud. CDI, in turn, has partner with CSLB to target unlicensed and illegal contractors who are in violation of WC laws and pose a threat to consumers, legitimate businesses, and employees. On January 1, 2011, CSLB was granted the ability to issue Stop Orders to licensed and unlicensed contractors that have employees and do not have WC insurance.

There is a changing need within CSLB Enforcement, and this is an opportunity to refer more criminal complaints to prosecutors through NTAs. In addition, with the growing need and new focus on WC violations, Enforcement would be enhanced by allowing IC investigators to issue NTAs and Stop Orders so that they can partner with CDI and the Premium Insurance Fraud Task Force to combat unlicensed and uninsured practice. By allowing IC investigators the ability to issue NTAs and Stop Orders, enforcement of Contractors' License Law will be enhanced, thus protecting those who live, work and do business in California.

Business and Professions Code Section 7106.5 grants the Registrar authority to proceed with investigation of a complaint even though the license has been expired, cancelled, forfeited, or suspended by operation of law, or voluntarily surrendered. However, the statute does not provide for pursuing an accusation to revoke the license when the license has already been revoked by operation of law.

An accusation is filed after an investigation by enforcement staff and it is a public written statement of charges CSLB has filed with the Office of the Attorney General that specifies statutes and rules a contractor or home improvement salesperson is alleged to have violated. It may result in a hearing to determine whether a licensee has violated the law and whether the license should be revoked, suspended, and/or placed under some type of restriction by the Registrar.

Revoking a license by operation of law occurs when a licensee fails to comply with a citation or arbitration award. The license is revoked for a minimum of one year. To reinstate the license, the licensee must make restitution or comply with the order of correction, pay civil penalties, and post a minimum disciplinary bond in the amount of \$15,000.00. Often, the amount of restitution is minimal and the civil penalties cannot exceed \$5,000.000.

By not having the clear authority to file an accusation when the license is revoked by operation of law, an individual could evade/avoid discipline because the facts of the grounds for the accusation were never established. For example, if the licensee may not re-apply for licensure for five years after the revocation for non-compliance, the witnesses and evidence of the aforementioned case would not be fresh or the witness may not be located.

With this proposed change, CSLB could proceed with the accusation hearing, and put the discipline and facts of the case on record, which would require the licensee to comply with the Order of the Registrar prior to getting the license re-issued.

The proposed change would protect the public by establishing a financial injury relative to the case, which would allow the consumer to file against the bond. The public would also be more protected when, and if, the licensee re-applied because the egregious act would result in the requirement of a higher disciplinary bond amount, which currently can be imposed up to \$125,000.00.

In addition, the consumer that filed the complaint leading to the accusation would be entitled to restitution before the license is re-issued.

Date: August 21, 2012

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 2570 (Hill)
Status/Location:	Amended 8/6/12; Senate Floor
Sponsor:	Author
Subject:	Settlement Agreements
Code Section:	Business and Professions Code Section 143.5

Summary:

Prohibits the inclusion of gag clauses in settlement agreements.

Existing Law:

1. Provides that it is a cause for suspension, disbarment, or other discipline for an attorney to agree or seek agreement that the professional misconduct or the terms of a settlement of a claim for professional misconduct are not to be reported to the disciplinary agency, or to agree to seek agreement that the plaintiff shall withdraw a disciplinary complaint or not cooperate with an investigations or prosecution conducted by the disciplinary agency.
2. Specific to the Medical Board of California, prohibits any physician or surgeon from including in a civil settlement agreement any provision that prohibits another party to the dispute from contacting or cooperating with, or filing a complaint with the Medical Board of California (MBC), or that requires withdrawal of a filed complaint.

This Bill:

1. Provides that no licensee that is regulated by a board, bureau or program within the Department of Consumer Affairs (DCA), nor an entity or person acting as the licensee's authorized representative, shall include or allow to be included in agreement to settle a civil dispute, a provision that either prohibits the other party from contacting, filing a complaint with, or cooperating with DCA or the board, bureau, or program, or that requires the other party to withdraw a complaint already filed.
2. States that such a provision is void as against public policy, and subjects any licensees who includes such a provision to disciplinary action.
3. Further provides that any licensing entity within DCA that takes disciplinary action against a licensee or licensees based on a complaint or a report that has also been subject to civil action and settled for monetary damages providing for full and final satisfaction shall not require its licensee(s) to pay any additional sums to the benefit of any plaintiff in the civil action.
4. Authorizes a board, if requested by petition, to adopt a regulation that does both of the following:
 - (a) Identifies a code section or jury instruction in a civil cause of action that has no relevance to the board, bureau or program's enforcement responsibilities such that an agreement to settle such a cause of action based on that code section or jury instruction that would otherwise be prohibited by this bill will not impair the board, bureau or program's duty to protect the public.

- (b) Exempts agreements to settle such a cause of action from the requirements.
- 5. Exempts specified physicians from the bill's provisions.
- 6. Specifies that this bill shall not be construed as limiting the discretion of a board, bureau, or program to grant a petition or adopt a regulation, or from prohibiting a licensee from including any provision in a settlement agreement that is not otherwise prohibited.

Legislative History:

AB 2260 (Negrete McLeod, Chapter 565, Statutes of 2006) established the existing provision for the Medical Board of California. The Attorney General's Office supported the bill, and write in support:

The [AG] routinely represents licensing agencies, particularly in our Health Quality Enforcement and Licensing Sections. We have long maintained that such contracts and/or settlement provisions are void as against public policy. Case law supports this view. (See, *Picton v. Anderson Union High School* (1996) 50 Cal.App.4th 726 [non-disclosure agreement in teacher misconduct case held unenforceable and illegal as a matter of public policy]; *Mary R. v. Division of Medical Quality of the Board of Medical Quality Assurance* (1983) 149 Cal.App.3d 308 [gag orders stricken once the Medical Board has intervened and asserted its interest in fulfilling its statutory obligations to supervise and regulate the practice of medicine]; and *Cariveau v. Halferty* (2000) 83 Cal.App.4th 126 [civil settlement agreement which prohibits customers of a securities agent from reporting misconduct to a regulator is void as against public policy].)

AB 446 (Negrete McLeod, 2005) would have prohibited any licensee regulated by the Department of Consumer Affairs, or various boards, bureaus, or programs from including a provision in an agreement to settle a civil dispute that would prohibit the other party to the dispute from contacting, filing a complaint with, or cooperating with the department, board, bureau, or program, or that would require the other party to withdraw a complaint from the department, board, bureau, or program. The Governor vetoed this bill, stating:

I vetoed a similar bill last year because of the negative effect it would have had on the California economy. This bill further erodes the ability to do business in California by creating more uncertainty regarding litigation by prohibiting any licensee or professional overseen by the Department of Consumer Affairs from including in a civil settlement agreement a provision that prohibits the other party from contacting or filing a complaint with the regulatory agency. When parties who are in dispute agree to settle, there should be some assurances that the dispute has been resolved in a satisfactory and final manner for both parties.

AB 320 (Correa, 2004) was virtually identical to AB 446 and was also vetoed, for the same reasons as stated in the veto message for AB 446.

Fiscal Impact for CSLB:

IT fiscal impact would entail adding a new violation code to the system and be minor and absorbable pending staff availability. Enforcement workload would also be minor and absorbable.

Board Position and Comments:

WATCH. Prior legislation has been supported by the Attorney General's Office, CalPIRG, and the Center for Public Interest Law and Consumers Union. Supporters generally argue that gag clauses allows licensees to keep their misconduct secret and avoid appropriate oversight, which can potentially harm the public.

Opponents to prior legislation have included engineering groups, the California Building Industry Authority, Associated General Contractors, and other contractor groups. They have argued that contractors and their insurers will not settle unless the settlement is final and that during the delay, all parties will continue to have to pay attorneys' fee, thereby increasing litigation costs. They also assert that this will also tend to exacerbate the already high costs of insurance for contractors.

Support:

Board of Behavioral Sciences; CALPIRG; Center for Public Interest Law; Consumer Federation of California; Consumers for Auto Reliability and Safety; Medical Board of California

Opposition:

American Council of Engineering Companies; Board of Pharmacy; Board of Accountancy

Date: August 8, 2012

AGENDA ITEM H

Licensing Committee Report



AGENDA ITEM H-1

Review and Approval of August 28, 2012, Licensing Committee Summary Report





CONTRACTORS STATE LICENSE BOARD

Licensing Committee Summary Report

LICENSING COMMITTEE

August 28, 2012

Sacramento, CA

CALL TO ORDER

Licensing Committee Chair Ed Lang called the Licensing Committee meeting to order at 10:00 a.m. on Tuesday, August 28, 2012 in the John C. Hall Hearing Room, located at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California.

Licensing Committee

Members Present

Ed Lang, Chair

David Dias

Bruce Rust

Frank Schetter

Member Absent/Excused

John O'Rourke

Board Staff Present

Stephen Sands, Registrar

Cindi Christenson, Chief Deputy Registrar

Karen Ollinger, Licensing Chief

Heidi Lincer-Hill, Testing Chief

David Fogt, Enforcement Chief

Rick Lopes, Public Affairs Chief

Laura Zuniga, Legislation Chief

Karen Ostton, Licensing

Jeff Toney, Licensing

Betsy Figueira, Licensing

Erin Echard, Executive

Kayla Bosley, Licensing

Others Present

Ken Grossbart, Law Offices of Abdulaziz, Grossbart & Rudman

David Kalb, Capitol Services

Sauna Krause, Capitol Services

Rick Pires, Basic Crafts

Larry Rohlfes, California Landscape Contractors Association

Juan Carlos Arbelaez, Contractors State License School

CHAIR REMARKS

Chair Ed Lang introduced himself and welcomed everyone to the Licensing Committee meeting, indicating this was the first meeting of the new fiscal year. He also thanked former Chair David Dias for his hard work and for remaining on the Committee.

PUBLIC COMMENT

No public comment was presented.



LICENSING PROGRAM UPDATE

Chief Karen Ollinger provided the Licensing Program update. She presented the application workload statistics and commented the number of applications received each month continues to decline, consistent with the downturn in the construction industry. The Licensing division experienced an 8 percent decrease in applications received per month from fiscal year (FY) 2010-2011 to FY 2011-12. There was a 14 percent decrease in applications received by CSLB over the previous fiscal year.

Implementation of the new limited liability company (LLC) licensing program began January 1, 2012. Since then, 421 LLC applications have been received and 71 LLC licenses issued. The most common reasons for rejection remains failure to list the LLC registration number provided by the California Office of Secretary of State (SOS) and the personnel listed on the application does not match the personnel reported in SOS records.

Ms. Ollinger reviewed the disposition of applications received by fiscal year; application processing timelines; and statistics for the Criminal Background Unit (CBU). Since January 2005, CBU has received over 263,000 notifications from the Department of Justice, which includes approximately 45,000 criminal histories. To date, the board has fingerprints for over 40% of its licensed population.

Lack of staff in the License Information Center (LIC), or call center, continues to weigh on the call "wait time." The LIC hired two full-time program technicians in May 2012, along with two part-time retired annuitants (former board employees), to assist with peak-time calls. The LIC also hired a new Supervising Program Technician, Estella Gomez, in June 2012. The LIC has established a new processing email box for licensing individuals to use to resolve urgent licensing matters, such as a license suspension. LIC staff review emails and process any necessary documents to resolve suspensions LIC staff also scan and email renewal applications to licensees facing license expiration. Requests are processed within 24 hours; providing an increased level of service. LIC staff is beginning to cross-train with other Licensing units to ensure callers are receiving accurate information and timely assistance. Chief Ollinger acknowledged the call wait time as above average, and praised LIC staff for their efforts to keep wait times at a reasonable rate.

Chief Ollinger reviewed the Judgment Unit portion of the Licensing Program Update, commenting on the individual functions and duties performed by staff – processing of outstanding liabilities, judgments and bond payment of claims, and the overall savings to the public achieved as a result of monies CSLB staff assisted in collecting.

Chief Ollinger reported on the upcoming termination of all 13 student assistants working in the Licensing division, effective August 30, 2012. This is the result of recent contract negotiations with the State of California. Students provide mission-critical support, which has helped reduce the backlog in the license transaction units and the call wait time in the LIC. They provide crucial support services to the application units.



Loss of student staff will have a significant, negative impact on the daily operations of the Licensing division, as students provide services that free up full-time processing staff to perform other duties.

CSLB will be rolling out a new narrated tutorial on YouTube. Approximately 45 percent of the applications submitted for licensure are returned for corrections. The new tutorial is designed to help the applicant correctly complete each section of the Application for Original Contractors License.

TESTING DIVISION UPDATE

Chief of Testing Heidi Lincer-Hill provided the Testing division update, reporting two vacant positions in the division, a Testing Specialist and Testing Monitor. She reported that tentative approval has been received for a new Staff Services Manager 1 position to replace the two management positions in the Examination Administration Unit. Because of the decline in applications, wait times for all Testing Centers is currently at three weeks, with walk-in testing readily available. The Oakland Testing Center will be relocating to Berkeley in an area that offers free parking and easy freeway access.

The use of the Testing Centers has been expanded to conduct other state business. In October, the Norwalk and San Bernardino offices will be used by the Department of Consumer Affairs (DCA) to conduct BreEZe software training.

Effective September 4, 2012, there will be a change to the current examination administration procedure, lengthening the time allowed to complete each examination to 3.5 hours. The existing policy allows 2.5 hours for each examination. The 2011 Consumer Satisfaction Survey has been completed. The survey will be reported on at the next full Board meeting.

Testing division staff is assisting DCA's Examination Development Unit, which has suffered unexpected staffing shortages. Staff will provide help with Occupational Analysis for other boards and bureaus until DCA is fully staffed.

REVIEW AND RECOMMENDED POSITIONS ON:

Translation of CSLB Licensing Exams

A motion was made by Committee Member Bruce Rust to recommend to the full Board that staff continue with option two (2), allowing sight translation by an applicant-provided translator. This is the current method used for the translation of the CSLB licensing exams. A second was made by Committee Member David Dias. Motion carried, unanimously.

Retroactive Fingerprinting for Licensed Contractors

A motion was made by Committee Member Frank Schetter to recommend to the full Board that licensed contractors should not be fingerprinted retroactively until such time as resources are authorized to fully track and investigate all subsequent arrest



convictions of licensees who have already been fingerprinted. A second was made by Committee Member Bruce Rust. Motion carried, unanimously.

Contractor Continuing Education

A motion was made by Committee Member Bruce Rust to recommend to the full Board to not pursue contractor continuing education at this time. A second was made by Committee Member David Dias. Motion carried, unanimously.

Renewal Delinquency Fees Policy Change

A motion was made by Committee Member David Dias to recommend to the full Board to allow staff to accept a timely license renewal fee and provide 90 days for licensees to resubmit the corrected renewal without charging the delinquency fee. The license will be renewed without the delinquency fee if returned within the 90 day grace period. The license will reflect a break in licensed time. A second was made by Committee Member Bruce Rust. Motion carried, unanimously.

COMMENTS FROM THE REGISTRAR

Registrar Steve Sands indicated the upcoming Monterey strategic planning meeting is being moved. The State of California is curtailing the use of personal services contracts. Home building in California is up 5 percent and new construction has increased. The State of California is gearing up to ensure technical training is available to meet the industries' need for skilled labor. A meeting was held with the military department to ensure CSLB is doing all it can to educate and provide assistance to military applicants pursuing a contractor license. The Registrar indicated the main issue facing the board is loss of staff and limited resources.

STRATEGIC PLAN UPDATE:

Chief Ollinger provided status on the following Licensing division objectives:

- **Workers' compensation insurance recertification**
As a result of staffing shortages and the termination of all student assistants, the implementation of the recertification of the workers' compensation insurance exemption program must be postponed. The Licensing division is hoping for possible implementation in January 2013.
- **Solar / alternative energy contractors**
The Licensing division continues to gather information and research projects on this subject; however, the conflict between the various construction industries on this issue has waned in the last year. Licensing will be prepared to bring its findings to the Board by the end of this year.
- **Asbestos certification – trade specific**
Working with the DCA Legal Department and other governmental agencies that play a role in the issuance of asbestos certification, Licensing is continuing to



research the issue and is on track to make a recommendation to the Board by the beginning 2013.

- **Online licensing - credit card payments**

This feature is tied to the Department of Consumer Affairs BreEZe project. The anticipated roll-out is in the fourth quarter of 2013. Licensing continues to work with DCA on the necessary business requirements and will keep the committee posted.

Chief Lincer-Hill provided status on the Testing division objectives:

- **Increase examination testing sessions**

Implementation of the increased hours from 2.5 to 3.5 begins September 4, 2012.

- **Expanded use of CSLB Testing Centers for training and/or civil service exams**

DCA is utilizing Testing Centers twice yearly for the administration of the Enforcement Representative 1 examination and for upcoming BreEZe training.

- **Collection of licensee email addresses – examination development surveys**

An email address box is being added for renewal application. Research indicates surveys cannot be exclusively electronic as only 30-50 percent of licensees provide an email address on applications submitted to the board. Information encouraging contractors to provide their email address has been provided in the CSLB newsletter.

ADJOURNMENT

Having no further business, the Licensing Committee meeting adjourned at 11:18 a.m.

AGENDA ITEM H-2

Licensing Program Update





CONTRACTORS STATE LICENSE BOARD

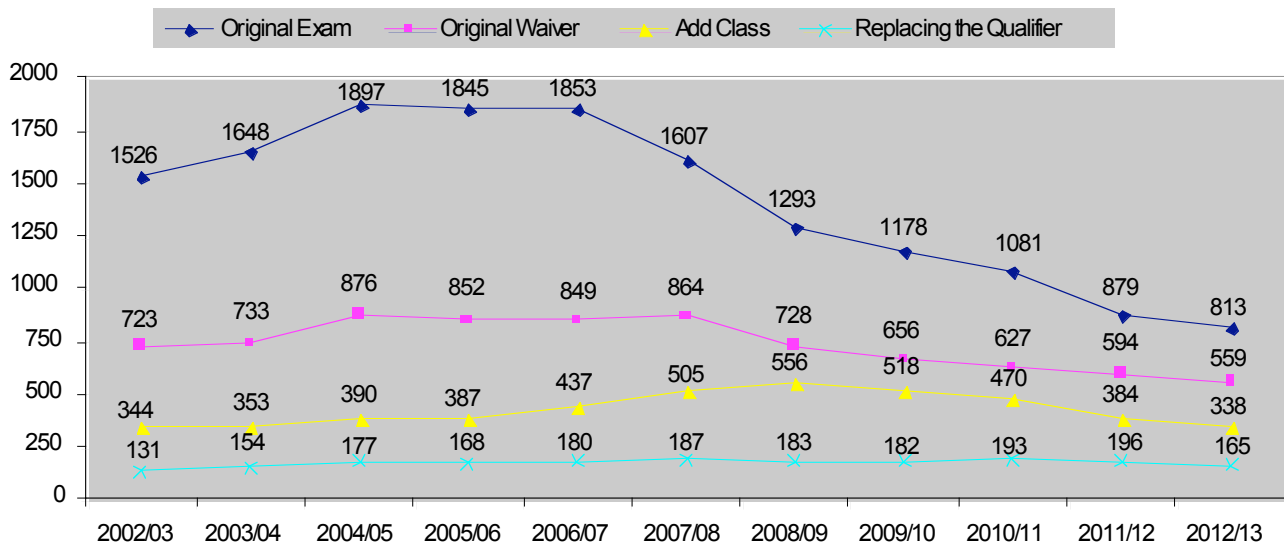
LICENSING PROGRAM UPDATE

License Application Workload

The following chart shows the average number of applications received per month for the past ten fiscal years (FY). Fingerprint requirements went into effect January 2005.

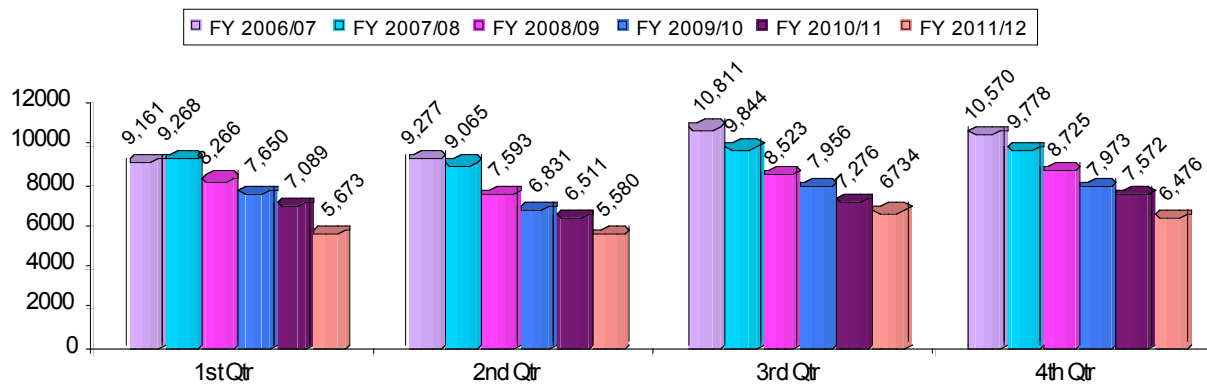
The number of applications received continues to decline due to the economic recession and housing downturn. The average number of original applications received per month for FY 2011-12 is down eight percent (8%) from the overall average for FY 2010-11.

AVERAGE NUMBER OF APPLICATIONS RECEIVED PER MONTH



The following chart compares the total number of applications received by quarter for the past six fiscal years.

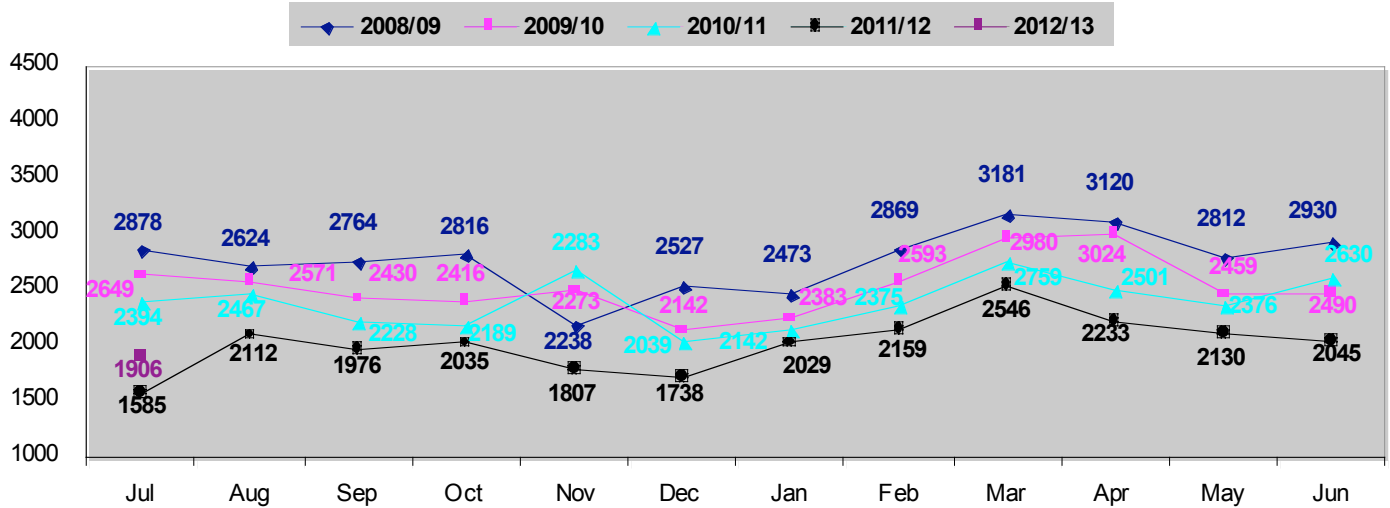
COMPARISON OF APPLICATIONS RECEIVED PER QUARTER
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)



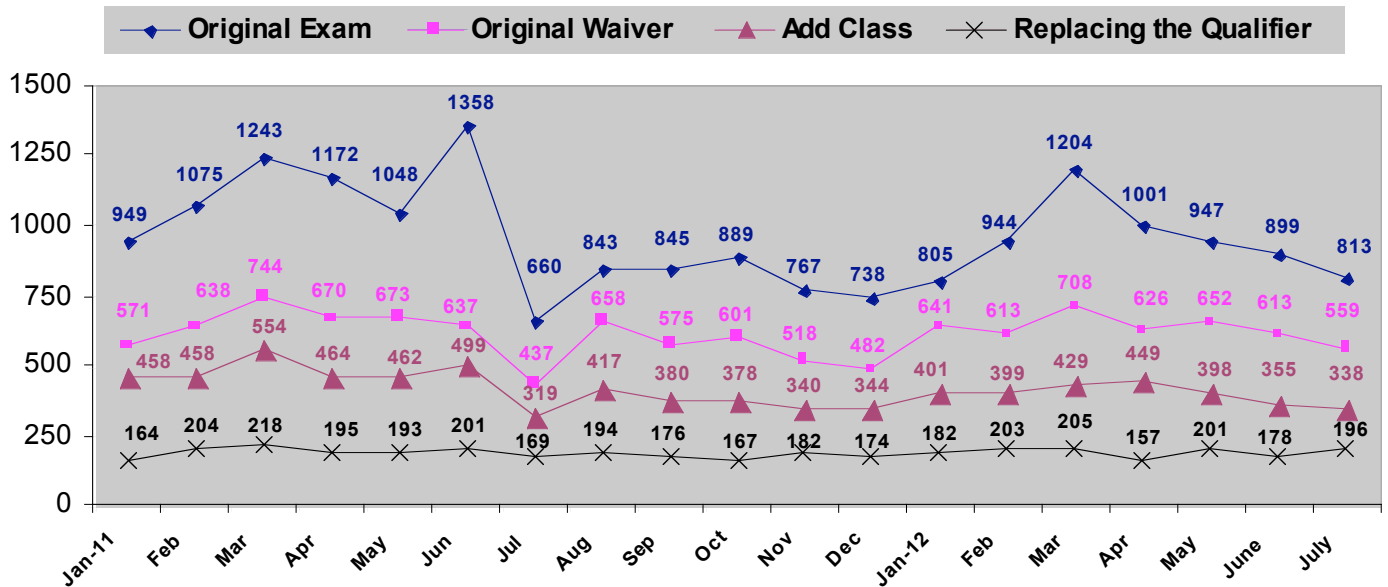
Decrease of 14% for total applications received for 2011-12 as compared to 2010-11



TOTAL NUMBER OF APPLICATIONS RECEIVED PER MONTH
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)



NUMBER OF APPLICATIONS RECEIVED





Limited Liability Companies (LLCs)

The new LLC program has been implemented. The passage of Senate Bill 392 (Statutes of 2010, Chapter 698) authorizes CSLB to issue contractor licenses to limited liability companies (LLCs). The law required CSLB to begin processing LLC applications no later than January 1, 2012. LLC applications were made available on the CSLB website on December 28, 2011.

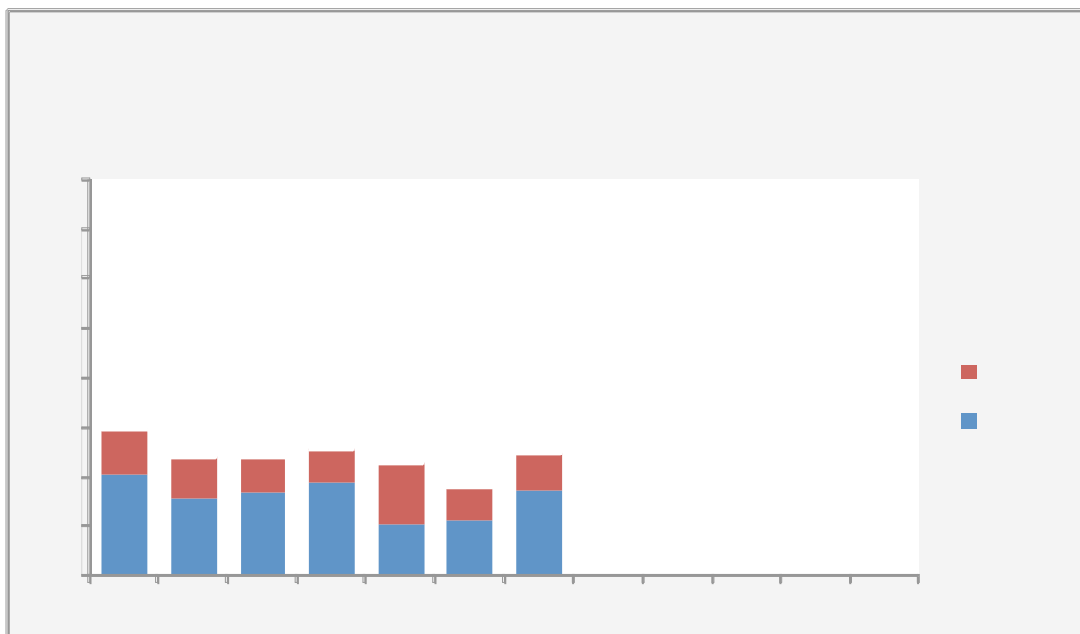
In the bill, the Legislature noted that contractors have been allowed to operate as corporations, and to be designated as “S” or “C” corporations for many years, with well-established case law regarding the ability to “pierce the corporate veil.”

It was the intent of the Legislature that this doctrine also shall apply to LLCs. Since there is not yet case law establishing this principle in California an additional \$100,000 bond requirement for the benefit of workers relative to payment of wages and fringe benefits was established. This will ensure that workers are protected despite the absence of case law dealing with LLCs. This bond is in addition to the \$12,500 contractor bond.

LLCs will be qualified by responsible managing officers, responsible managing members, responsible managing managers, or responsible managing employees. All officers, members, managers, directors, and qualifiers of LLCs must be listed on the application as personnel of record.

LLCs also will be required to have \$1,000,000 in liability insurance when five or fewer persons are listed as personnel, with an additional \$100,000 required for each additional personnel, not to exceed \$5 million.

The chart below and on page 4 illustrates the number of LLC applications received from January 1, 2012 through July 31, 2012, and the disposition of those applications.



**LLC APPLICATION INITIAL PROCESSING - 2012**

	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr
Received	23	51	21	39	18	42	17	47	26	31	16	28	19	43
Rejected	7	25	16	23	12	29	9	32	18	16	12	13	12	8
Issued - Acceptable as Submitted	0	4	0	1	0	0	0	2	0	4	0	4	0	1
Post / Sched for Exam No Reject	7	0	3	0	4	0	3	0	0	0	0	0	1	0
Post / Sched for Exam After Reject	8	0	1	0	2	0	4	0	8	0	3	0	0	0
Post / Bond & Fee Sent No Reject	0	6	0	8	0	8	0	5	0	3	0	3	0	1
Post / Bond & Fee Sent After Reject	0	13	0	5	0	4	0	8	0	8	0	7	0	0
App Void or Withdrawn	0	3	0	2	0	1	1	0	0	0	1	1	0	2
App Not Yet Processed	0	0	0	0	0	0	0	0	0	0	0	0	6	31
	JAN		FEB		MAR		APR		MAY		JUN		JUL	

Source: Teale Program A768 – Action Codes

The Most Common Reasons for Rejection:

1. Personnel listed on application needs to match the personnel listed on SOS records.
2. The LLC / SOS registration number is missing or incorrect.
3. Personnel information needs clarification or is missing, e.g., DOB, middle name, title.
4. The business name on the application does not match LLC / SOS registration information.
5. Questions (page 2 of application, #10-14) are missing or incomplete.

Of the 421 LLC applications received through July 31, 2012, 71 limited liability company contractors' licenses have been issued. The most common reasons for rejection continues to be staff's inability to confirm the required LLC business name and / or LLC registration number provided by SOS and match the name(s), title(s) and total count of LLC personnel. The California Office of Secretary of State (SOS) is still experiencing a delay in entering Statements of Information (SOI) into their database. This four-month backlog is beyond CSLB's control. The SOI information is required for processing the LLC application, as it provides staff with the total number and names of LLC personnel, crucial in determining the appropriate amount for the LLC liability insurance requirement (between \$1 million and \$5 million). SOS offers expedited 24-hour processing of the SOI for an additional fee.



Fee Increases and Application Revisions

Regulations were changed to increase the application and licensure fees to their statutory limit, effective July 1, 2011. The table below outlines previous and new fees.

In response to the fee increases, eight applications recently were revised (06/11 revision date) to reflect the new fees. The updated applications have been available on CSLB's website since the end of June. Bulk quantities of the hardcopy applications were printed by the Office of State Publishing and were delivered to CSLB headquarters in mid- and late-July. Supplies will be distributed to CSLB's various field offices.

2011 CSLB FEE INCREASES

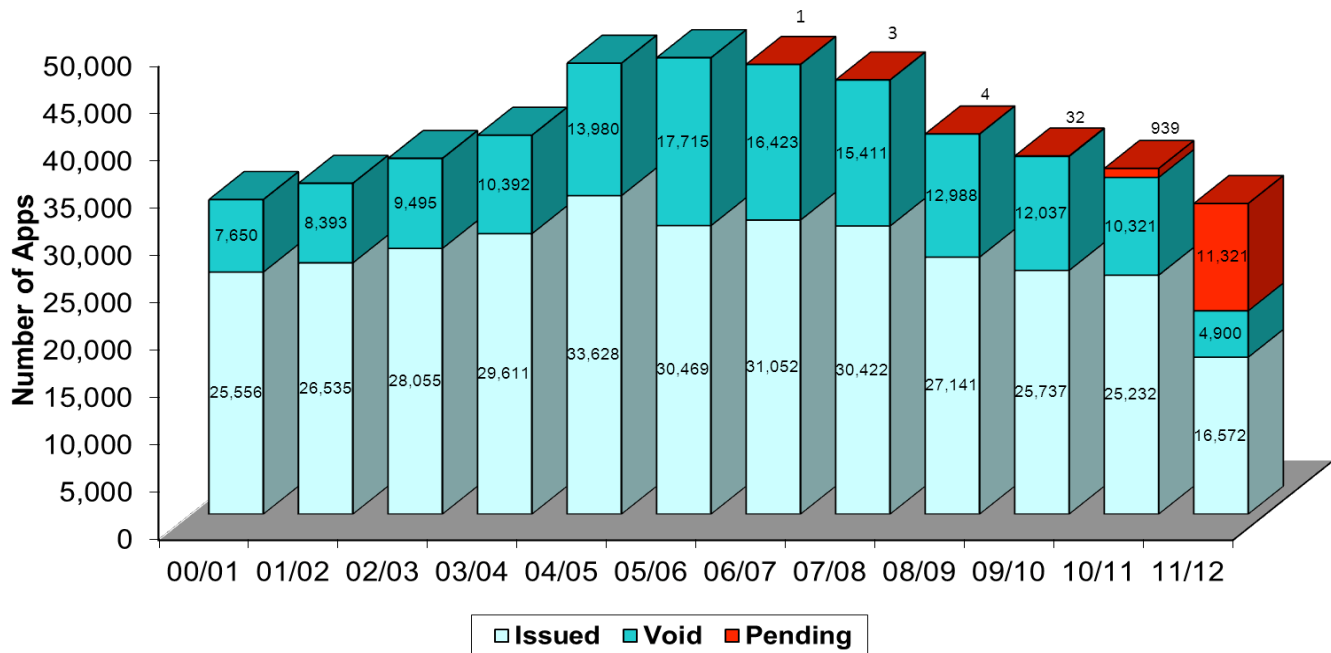
Fee	Previous Amount	New Amount	\$ Amount of Increase	% of Increase
Application for Original Contractor License	\$250.00	\$300.00	\$50.00	20%
Application to Add a Supplemental Classification or to Replace the Responsible Managing Officer or Employee on an Existing License	\$50.00	\$75.00	\$25.00	50%
Rescheduling an Examination	\$50.00	\$60.00	\$10.00	20%
Initial License Fee	\$150.00	\$180.00	\$30.00	20%
Renewal – Contractor License (Biennial)	\$300.00	\$360.00	\$60.00	20%
Renewal – 4-Year Inactive License	\$150.00	\$180.00	\$30.00	20%
Reactivate Contractor License	\$300.00	\$360.00	\$60.00	20%
Home Improvement Salesperson (HIS) Registration Fee	\$50.00	\$75.00	\$25.00	50%
Asbestos Certification Fee	\$50.00	\$75.00	\$25.00	50%
Hazardous Substance Removal Certificate	\$50.00	\$75.00	\$25.00	50%
Delinquent Fee Renewal – Contactor License ¹	\$150.00	\$180.00	\$30.00	20%
Delinquent Fee Renewal – 4-Year Inactive License ¹	\$75.00	\$90.00	\$15.00	20%
Delinquent Fee Renewal – HIS Registration ¹	\$25.00	\$37.50	\$12.50	50%

¹B&P Code section 7137(f) sets the delinquency fee as a percentage of the applicable renewal fee: "The delinquency fee is an amount equal to 50 percent of the renewal fee, if the license is renewed after its expiration."



Disposition of Applications by Fiscal Year Teale Report S724: Run Date 08/1/2012

(Includes: Original, Add Class, Replacing the Qualifier, Home Improvement Salesperson, Officer Changes)



License Transaction Processing Times

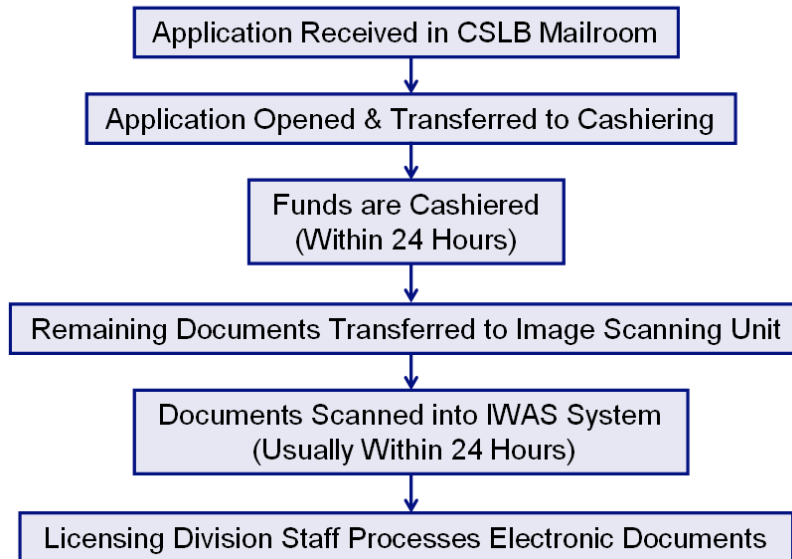
CSLB management continues to monitor processing times for the various units on a weekly and monthly basis. The charts on pages 16 - 18 track the “weeks to process” for the various application and license maintenance/transaction units.

The charts indicate the average number of weeks to process for that particular month. Processing times, or “weeks to process,” refers to the number of weeks after an application or document is received in the board office before that application or document is initially pulled for processing by a technician.

When considering the weeks-to-process timelines, it is important to understand that CSLB’s application and renewal processing schedule automatically has approximately two days of backlog built into the timelines because of cashiering and image-scanning tasks that must be performed before the application or document can be pulled for processing.



CSLB Application Processing Route



Since FY 2008-09, the Licensing division has utilized a minimal amount of overtime in contrast to previous fiscal years when overtime was a regular occurrence. Despite the minimal amount of overtime and the reduction in staff hours due to furloughs, the Licensing division has maintained acceptable processing times. This can be attributed to the significant decrease in applications as shown on the first page of this program update.



Fingerprinting/Criminal Background Unit

Since January 2005, all applicants for a CSLB license and each officer, partner, owner, and responsible managing employee, as well as all applicants to be home improvement salespersons, must be fingerprinted and undergo a criminal background check conducted by the California Department of Justice (DOJ). Individuals currently licensed by CSLB who do not apply for any changes to their license and applicants for a joint venture license are not required to be fingerprinted.

CBU staff begins processing Criminal Offender Record Information (CORI) on the same day it is received by conducting a triage and clearing those applicants that have minor, clearable convictions, provided the applicant was honest in disclosing this on the CSLB application. Applicants who did not disclose what would have been considered minor, clearable convictions on their application may be given the opportunity to withdraw the false application and submit a new application and fees on which they accurately disclose their conviction(s). These withdrawal offers also are processed as part of the triage.

Since the fingerprint program began, CSLB has received more than 263,000 transmittals from DOJ. These include clear codes and conviction information.

Of the applicants who were fingerprinted during that time period, CSLB's Criminal Background Unit (CBU) received CORI for more than 45,000 applicants. That means that DOJ and/or the Federal Bureau of Investigation reported that the individual had a criminal conviction(s) on record.

As a result of CORI files received through July 31, 2012, CBU denied 1,094 applications and issued 1,231 probationary licenses. Of the denied licenses, 548 applicants appealed their denials.

CBU has seen a reduction in the number of fingerprint submissions as a result of the decline in applications, as well as those adding classifications that already have undergone a background check.

Below is a breakdown of CBU statistics by fiscal year:

Criminal Background Unit Statistics										
	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	TOTALS
DOJ Records Received	9,524	58,007	46,735	39,361	35,220	27,330	24,730	18,805	1790	263,099
CORI RAPP Received	949	8,410	8,057	6,484	6,253	5,254	5,201	3,997	350	45,252
Denials	224	219	237	88	76	63	108	70	1	1,094
Appeals	71	113	130	45	47	29	62	39	3	548
Probationary Licenses Issued	0	0	126	290	206	203	243	146	5	1,231



Licensing Information Center (LIC)

Call Center Workload

The volume of calls received during the first quarter of 2012 increased approximately 11 percent from the final quarter of 2011. Subsequently, call wait times increased. The increased volume is seasonal; however, a large processing backlog of workers' compensation certificates led to many additional calls. Once the backlog was eliminated, call volume returned to normal levels.

Lack of call center agents continues to weigh on call wait time. Wait time increases dramatically during the lunch hours, and even with staggered lunch schedules, there is not enough staff to handle the incoming volume of calls. To prevent wait times from exceeding 45 minutes, the Automated Call Distribution (ACD) system queue was reduced from a 50 call capacity to 35. The reduced call queue keeps wait times at acceptable levels and prevents only a small number of callers from getting through to an agent during peak hours. This has not been an issue during the second quarter, as LIC has added two additional full-time call center agents and has retained two retired annuitants who work during the peak lunch time hours.

Staffing Update

LIC hired two full-time Program Technician II's who started in May 2012. The call center also has added two part-time retired annuitants who work during peak call hours (10:00 a.m. – 2:00 p.m.). Both of the retired annuitants have previously worked in the CSLB call center and are trained on CSLB laws and policies. The increased staffing has already helped call wait times and customer service. LIC will continue to recruit the most qualified Program Technician II's to fill remaining vacancies.

In June, LIC welcomed Estela Gomez, the new Supervising Program Technician III overseeing the call center and front counter. Estela has significant supervisory and call center experience and has already made positive contributions to LIC.

LIC currently has four student assistants who provide support in a number of areas, including assisting customers at the front counter, handling return mail, processing forms and publication requests, research, and special projects. Due to a side letter agreement with the Service Employees International Union (SEIU), all LIC student assistant positions will be eliminated August 30, 2012. This will pose new challenges for LIC as the student assistant workload will be shifted to full-time staff.

Increased Training

LIC continues to strive to provide timely, efficient, and professional services to its customers. In working toward this goal, LIC established a position to serve as a trainer and expert resource to other LIC staff. On July 23-25, LIC held a Board Orientation and Licensing Training program for 30 new employees. The training proved to be an effective way to provide new employees with an in-depth look at CSLB as a whole and the roles of its various units.

**Quick Tip Program**

For training and development purposes, the “Quick Tip” program was developed for the entire Licensing division. Every morning, a daily Quick Tip is emailed to all Licensing staff with information on CSLB laws, regulations, and policies. These daily reminders are an efficient way to distribute critical information and to keep staff apprised of any changing policies and procedures. A Quick Tip email account has been set up (quicktips@cslb.ca.gov), which allows staff to provide feedback on the Quick Tips along with any questions, concerns, or suggestions.

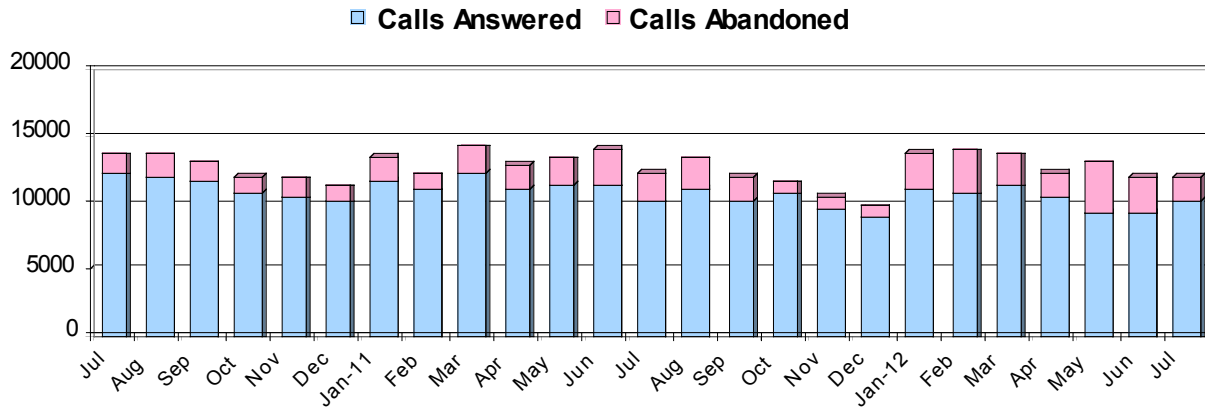
Call Center Processing

A call center processing email inbox (callcenterprocessing@cslb.ca.gov) has been established as a full-service resolution program for licensees who need their licenses updated to satisfy a suspension or to avoid a suspension. These are urgent matters that often require immediate resolution. Having this processing capability allows these matters to be resolved on the spot and prevents these types of callers from being transferred to other processing units. Additionally, the call center now has the ability to scan and email renewal applications to licensees whose licenses are going to expire within the month. Requests are processed within 24 hours at the call center level and licensees have been pleased with the increased level of service.

The call center also will start cross-training with other Licensing units to help increase their knowledge of policies and procedures. This will help create cohesion and help ensure that customers are receiving accurate, consistent information.



Licensing Information Center Call Data



	Jul 2011	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul 2012
Calls Received	12,328	13,433	11,963	11,577	10,552	9,880	13,698	14,042	13,705	12,337	13,150	11,985	12,044
Calls Answered	10,047	11,090	10,203	10,629	9,465	9,080	11,036	10,667	11,220	10,427	9,334	9,309	10,176
Calls Abandoned	2,270	2,342	1,759	948	1,086	746	2,714	3,372	2,484	1,903	3,815	2,675	1,867
Longest Wait Time	27:18	20:39	20:49	17:18	12:25	10:39	25:20	39:00	26:14	16:17	27:22	22:44	16:29
Shortest Wait Time	4:16	3:39	3:10	0:30	1:34	1:02	4:41	4:03	2:47	2:54	7:29	6:02	3:10
Average Wait Time	10:01	9:43	9:16	8:07	7:39	4:21	7:44	14:38	8:49	8:59	16:33	9:49	9:03



Judgment Unit

Judgment Unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In addition, the Judgment Unit processes all documentation and correspondence related to resolving these issues, such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
 - Division of Occupational Safety and Health
 - Division of Labor Standards Enforcement
- Franchise Tax Board
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by:

- Bonding companies

When CSLB receives timely notification of an outstanding liability, judgment or payment of claim, an initial letter is sent to the licensee explaining options and a timeframe for complying, which are 90 days for judgments and payment of claims and 60 days for outstanding liabilities.

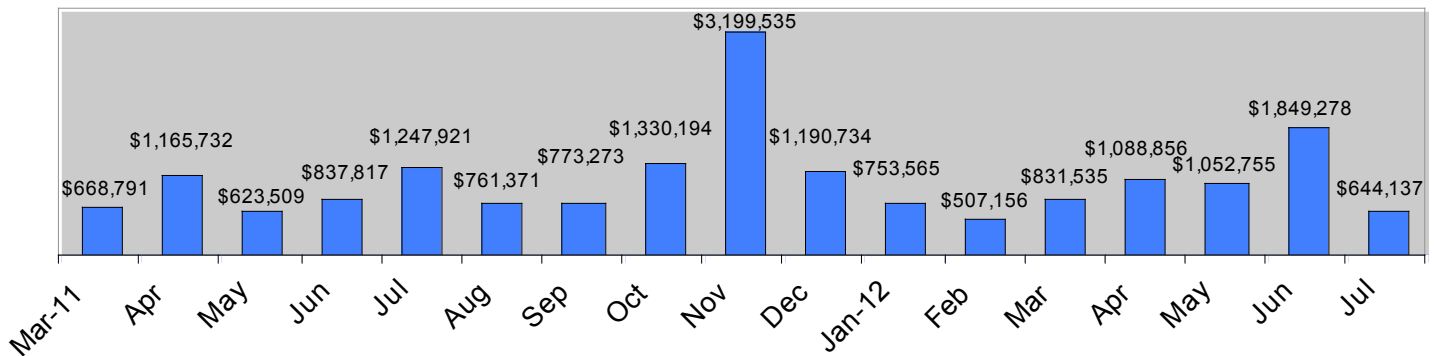
If compliance is not made within the allowed timeframe, the license is suspended and a suspend letter is sent to the contractor. A reinstatement letter is sent when compliance is met.



OUTSTANDING LIABILITIES

Letter Type Sent	Mar 2011	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul
Initial	140	62	71	89	62	73	71	48	71	174	98	56	52	39	56	48	69
Suspend	50	30	104	56	36	57	56	64	42	89	79	66	53	52	48	35	45
Reinstate	91	70	84	59	28	38	52	41	32	117	48	35	32	48	44	31	35

SAVINGS TO THE PUBLIC

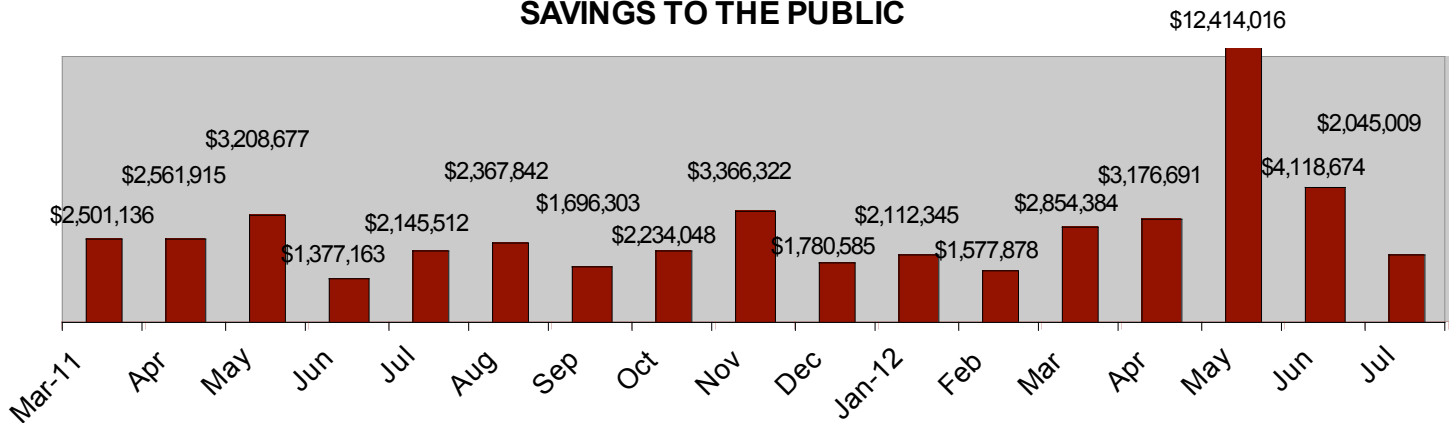




JUDGMENTS

Letter Type Sent	Mar 2011	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul
Initial	224	212	220	227	222	205	225	219	170	192	186	177	204	190	188	180	185
Suspend	109	84	84	77	92	114	82	84	81	93	85	74	79	75	75	64	70
Reinstate	191	165	165	135	131	186	145	162	132	127	156	153	169	194	165	163	173

SAVINGS TO THE PUBLIC

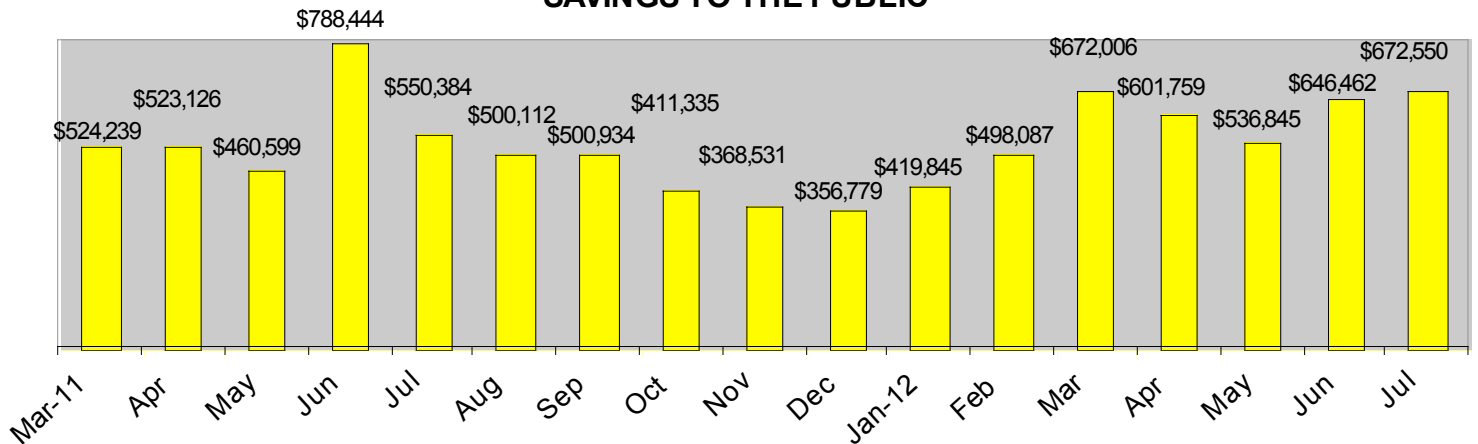




PAYMENT OF CLAIMS

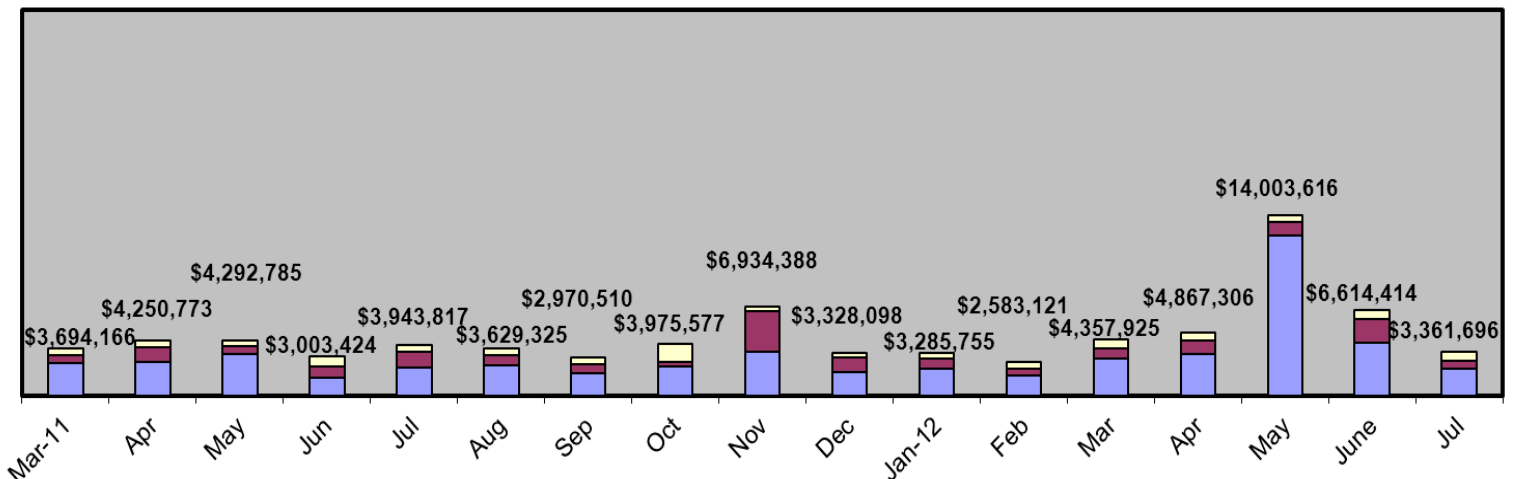
Letter Type Sent	Mar 2011	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul
Initial	251	220	213	234	188	177	120	224	155	152	106	124	241	165	150	223	146
Suspend	226	182	163	171	161	159	116	139	103	86	174	99	103	92	87	127	113
Reinstate	119	136	110	137	130	110	114	84	78	85	87	116	130	124	112	119	128

SAVINGS TO THE PUBLIC



TOTAL SAVINGS TO PUBLIC

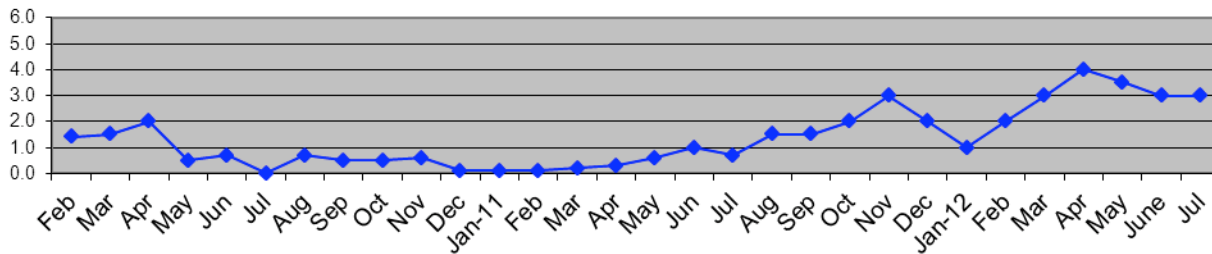
■ Judgments
 ■ Outstanding Liabilities
 ■ Payment of Claims



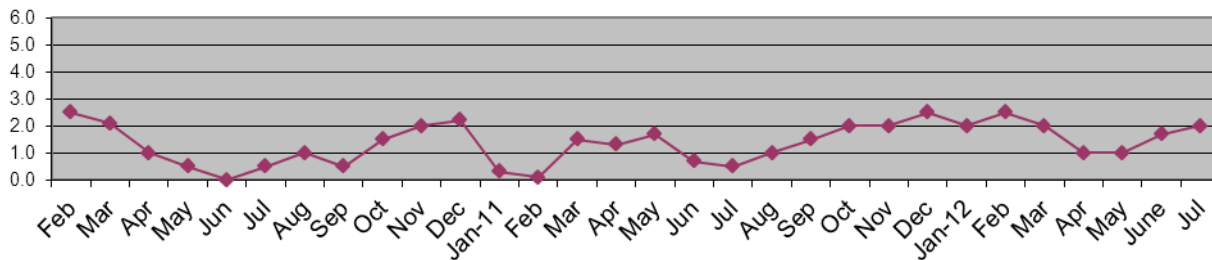


Number of Weeks Before Being Pulled for Processing

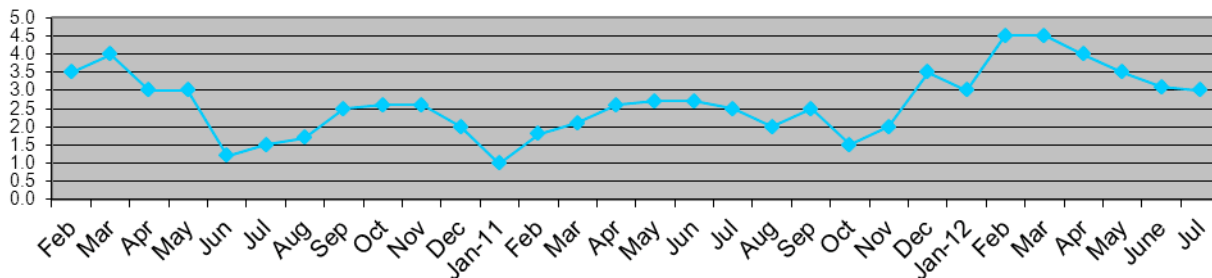
Application for Original License - Exam



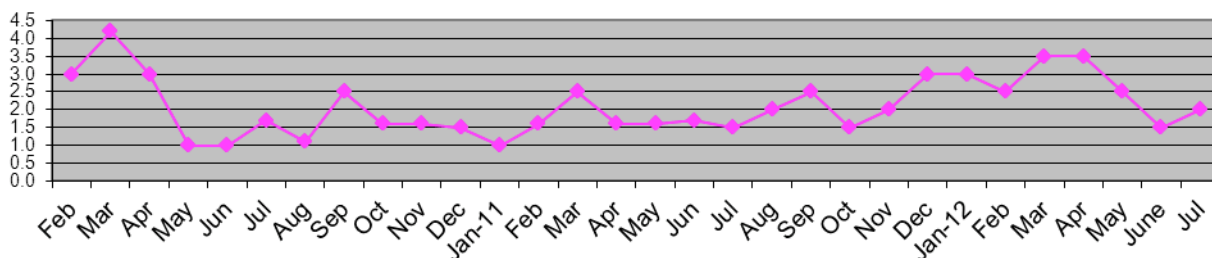
Application for Original License - Waiver



Application for Additional Classification



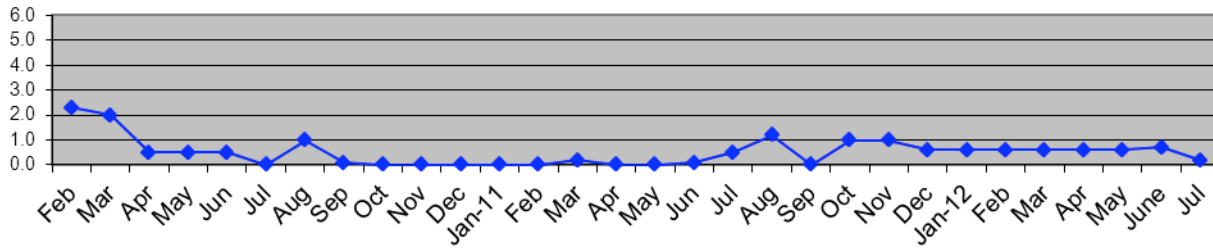
Application to Replace the Qualifier



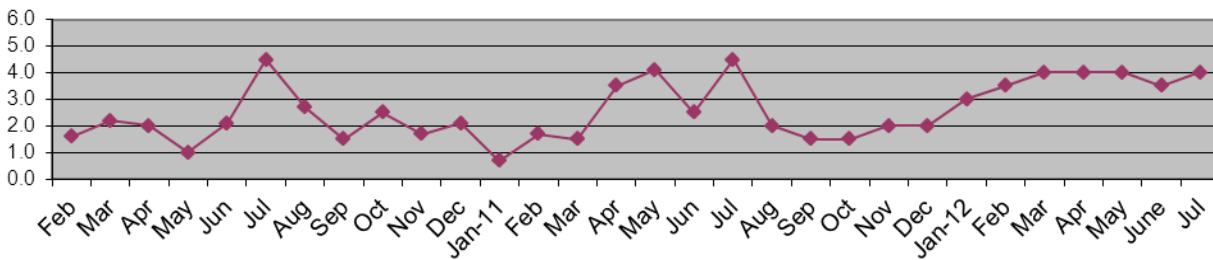


Number of Weeks Before Being Pulled for Processing

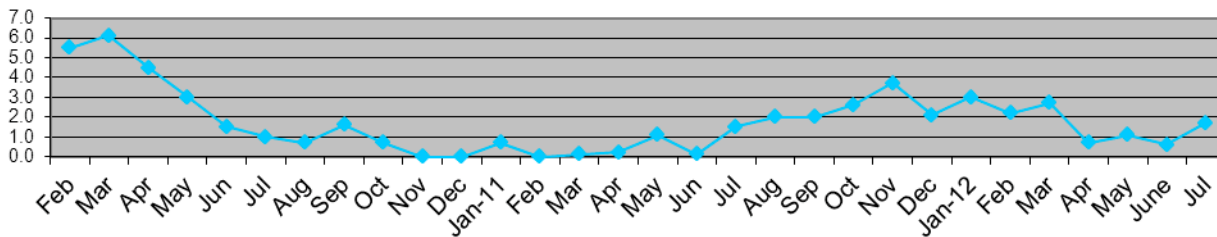
Application for Renewal



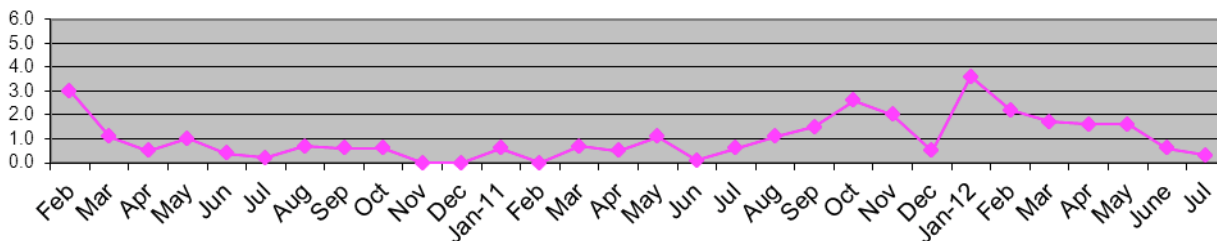
Home Improvement Salesperson (HIS) Application



Application to Report/Change Officers



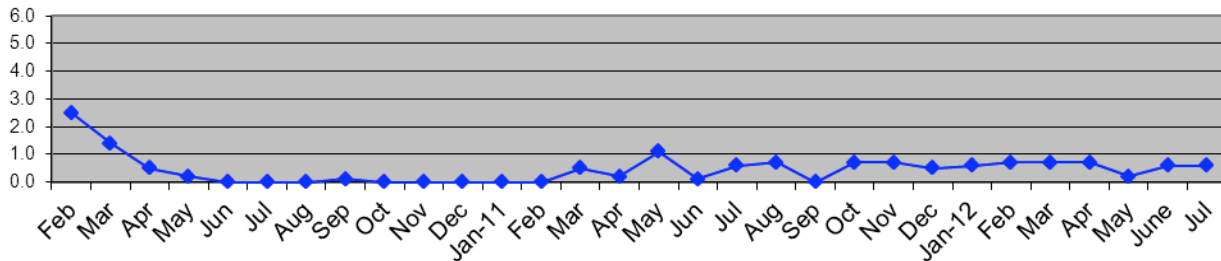
Application to Change Business Name or Address



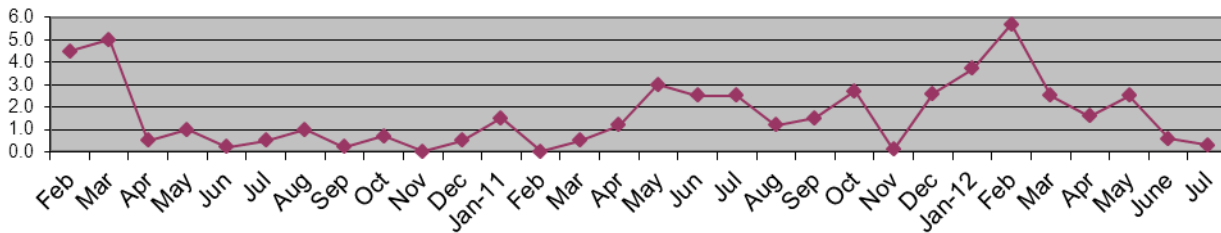


Number of Weeks Before Being Pulled for Processing

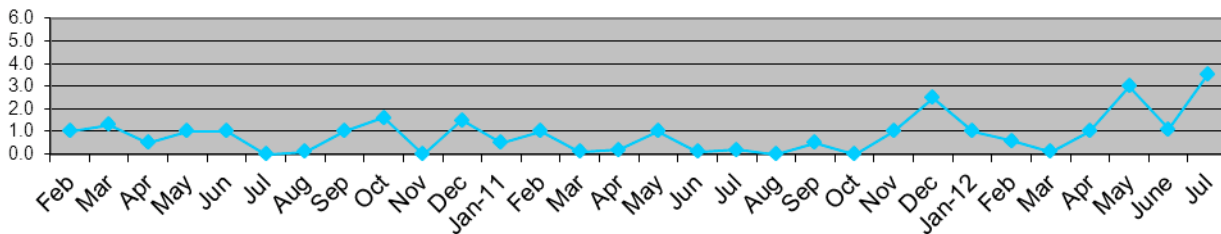
Contractor's Bond and Bond of Qualifying Individual



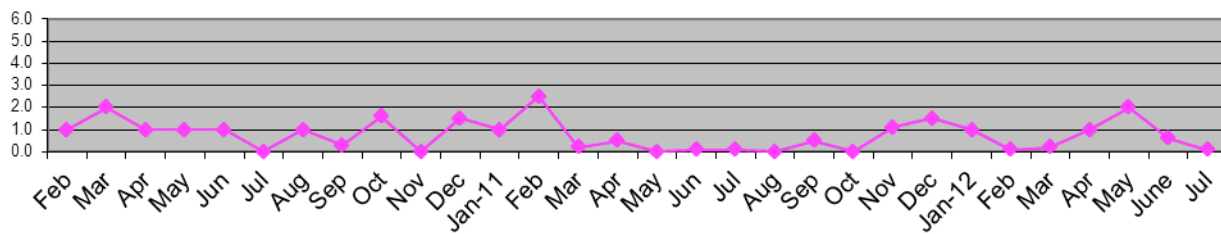
Workers' Compensation Certificates and Exemptions



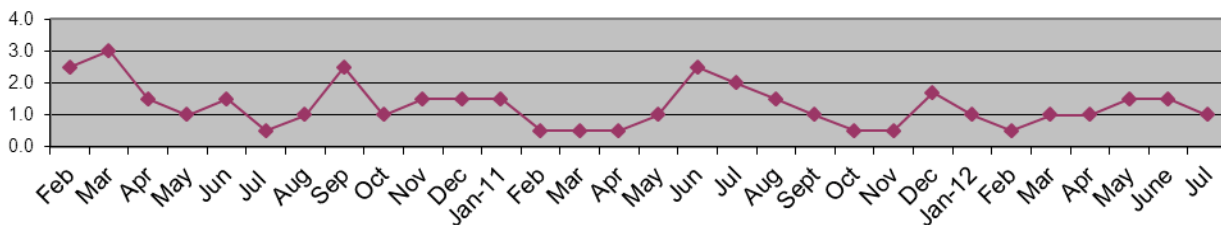
Certified License History



Request for Copies of Documents



Criminal Background Unit - CORI Review



AGENDA ITEM H-3

Testing Division Update





Staffing

The Testing division has two vacant positions – one testing specialist in the Examination Development Unit, and one test monitor position in San Diego. The San Diego position was created by transferring an extra vacant test monitor position from Norwalk. Due to the large capacity of the Norwalk testing center, Norwalk had three test monitor positions instead of two. With the reduced number of examinations currently being administered, the extra position was no longer necessary in Norwalk. By transferring the position to San Diego, we will be able to have two full-time staff members in every testing center.

DCA would not approve our request to create a Staff Services Manager I position to replace the two management positions that previously supervised the Examination Administration Unit. We are working with CSLB Personnel to strategize alternative solutions. Two analysts in Sacramento and one in southern California are designated as leads to manage the workload.

Examination Wait Time

The wait time for an examination date is three weeks statewide. On any given day, walk-in applicants have an excellent chance of finding an available seat in any CSLB testing center.

Testing Center Status

CSLB maintains eight testing centers:

1. Sacramento
2. Oakland
3. San Jose
4. Fresno
5. Oxnard
6. Norwalk
7. San Bernardino
8. San Diego

The Oakland testing center will relocate in response to the Board of Equalization's request for additional space in the Oakland building. The Department of General Services identified available space in a Berkeley office building that offers free parking, easy freeway access, and a nicer space with a shared lunchroom. The building is occupied by the Department of Toxic Substances Control and Cal/EPA.



Utilization of Testing Centers for Other Projects

Due to the reduced number of CSLB licensing examinations being administered, the Testing division is extending its use of CSLB testing centers for other purposes.

Beginning at the end of September, the Norwalk and San Bernardino testing centers will be used by DCA to train other boards on the new BreZE software. Each center will be used twice a week for training for three weeks. This is the first time the centers have been scheduled for training purposes.

Change to Examination Administration Procedures

The Testing division has decided to implement a new policy with regard to the time applicants are allowed for their examinations. The existing policy was to give applicants two-and-one-half hours for each examination, and applicants who needed additional time could request another hour. The new policy will give all applicants three-and-one-half hours for each examination. The new policy is consistent with standard testing guidelines, is fair to all applicants, and will streamline operations in the testing centers by not having to schedule special sessions.

Examination Development

The Testing division's Examination Development Unit (EDU) is responsible for ensuring that CSLB's 45 examinations are maintained and updated in accordance with testing standards, guidelines, and CSLB regulations. The examination development process involves two phases: occupational analysis and new examination development, and must be completed every five to seven years for each of CSLB's examinations.

The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportions it should be tested; the new examination development phase involves reviewing and revising the existing test questions, writing new test questions, and determining the passing score for the new examination.

EDU recently completed a new occupational analysis for the following classification:

- Hazardous Certification

EDU has completed new examinations for the following classifications:

- C-4 Boiler, Hot-Water Heating and Steam Fitting
- C-7 Low Voltage

The following table lists current occupational analysis and examination development projects:

Occupational Analyses in Progress	New Examinations in Progress
C-34 Pipeline	C-16 Fire Protection
C-45 Signs	C-21 Building Moving and Demolition
C-50 Reinforcing Steel	C-42 Sanitation Systems
C-55 Water Conditioning	C-46 Solar
C-57 Well Drilling	C-47 Manufactured Housing
	Hazardous Certification

The Testing division is using email surveys as much as possible for occupational analysis projects because they are quicker, less expensive, and they require no data entry. However, CSLB does not have email addresses for all contractors, so paper surveys also are being used to make sure a large enough sample of licensees is reached. Testing is experiencing some delay in getting DCA approval for contracts with the Office of State Publishing to print and mail out the surveys.

Ongoing Consumer Satisfaction Survey

The Testing division conducts an ongoing survey of consumers whose complaint cases have been closed. The survey is designed to assess overall satisfaction with the Enforcement division's handling of complaints in eight content categories. The survey is emailed to all consumers with closed complaints who provide CSLB with their email address during the complaint process. Consumers receive the survey in the first or second month after their complaint is closed. The 2011 report was recently completed.

Examination Development Staff Work on DCA Projects

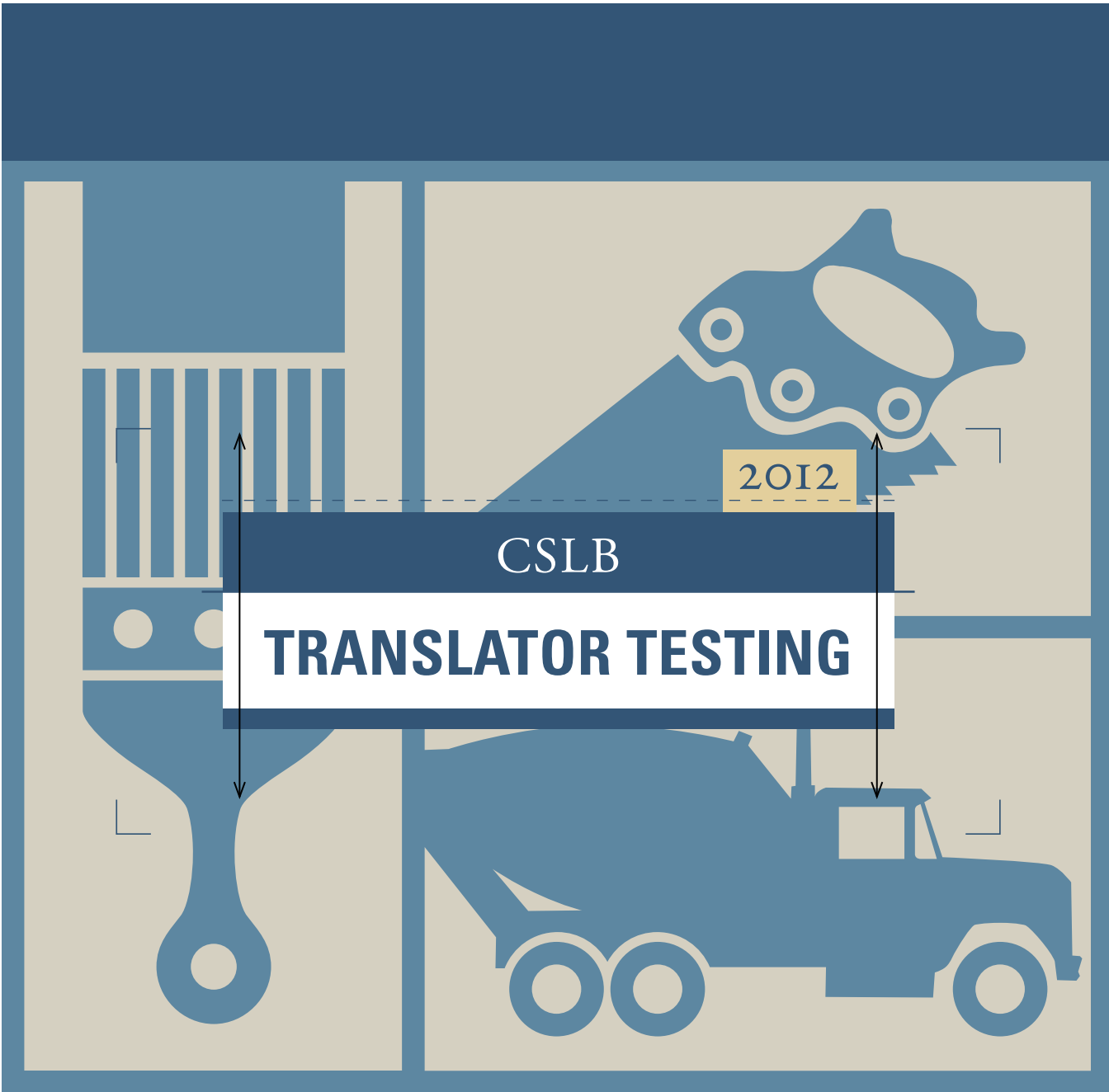
The Examination Development Unit is assisting the DCA Office of Professional Examination Services (OPES) with two occupational analysis and one examination development project. OPES provides examination services to DCA's other board and bureaus, and has recently experienced a staffing shortage. EDU's assistance was requested in order to prevent delays in the completion of other boards' examination development projects. EDU staff is working on projects for the Board of Behavioral Sciences and the Board of Veterinary Medicine.

AGENDA ITEM H-4

Review and Approval of Committee Recommendations Regarding:

- a. Translation of CSLB Licensing Exams
- b. Retroactive Fingerprinting of
Licensed Contractors
- c. Continuing Education





2012

CSLB
TRANSLATOR TESTING



**CONTRACTORS STATE
LICENSE BOARD**

Members of the Board

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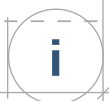
Registrar of Contractors

STEPHEN P. SANDS



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Analysis of Alternative Translated Methods	7



The background of the page is a solid dark blue. In the upper half, there is a horizontal dashed white line. A vertical solid white line with an upward-pointing arrow at the top is positioned on the right side. At the bottom, there are stylized, overlapping outlines of houses in a lighter shade of blue. Corner brackets are located in the top-left, top-right, bottom-left, and bottom-right corners.

CSLB Mission

The Contractors State License Board protects consumers by regulating the construction industry through policies that promote the health, safety and general welfare of the public in matters relating to construction.



CSLB Translator Testing

Current Translator Testing Method

CSLB administers 45 examinations (42 trade, two certification, and one law and business) by computer at eight testing centers across the state. The current method used by CSLB during translation of examinations requires that English as a Second Language (ESL) applicants bring their own translator, provided that the translator does not work in a legal, accounting, or construction-related industry. Approved translators also may not translate more often than once per calendar year. CSLB dedicates one staff member to process the applications for these applicants and their translators, and to set up days that are exclusively dedicated to translator examinations at specific testing centers.

The current translation method requires the translator to perform a “sight translation” of the examination: the translator sees the questions in English on the computer screen and translates the words out loud to the ESL applicant in the target language. ESL applicants and their translators are not face-to-face. They sit in separate cubicles and communicate over a phone line using microphones and earphones. The translators do not see the applicants’ answers to the questions. The test monitor supervises this communication by tapping into the phone line. Although the test monitors do not have any knowledge of the languages the examinations are being translated into, they are trained to identify patterns that indicate misconduct (cheating). All translations are tape-recorded. When misconduct is suspected, a certified interpreter for the target language reviews the translation recordings.

Number of Translated Examinations

From of January 2008 to December 2011, CSLB administered 215,025 examinations. Of those, 1.75% (3,749) of the examinations were administered with translators. As illustrated in **Figure 1**, 0.95% (2,040) of these translations were for the law examination and the other 0.80% (1,709) were for the trade examinations.

Number of Exams, Translated and Non-Translated

January 2008 - December 2011

Total Examination Administrations = 215,025

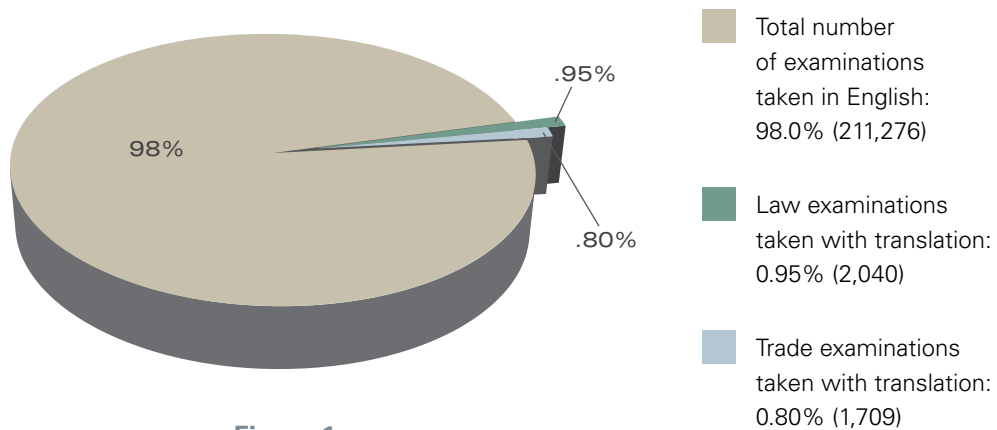


Figure 1

Language by Trade Patterns

Figure 2 shows the translation breakdown by languages for the law examination. Ninety percent of the translated law examinations involve five major languages: Spanish, Chinese, Armenian, Korean, and Vietnamese. The remaining ten percent include over 30 languages.

Law Exam Translations

January 2008 - December 2011

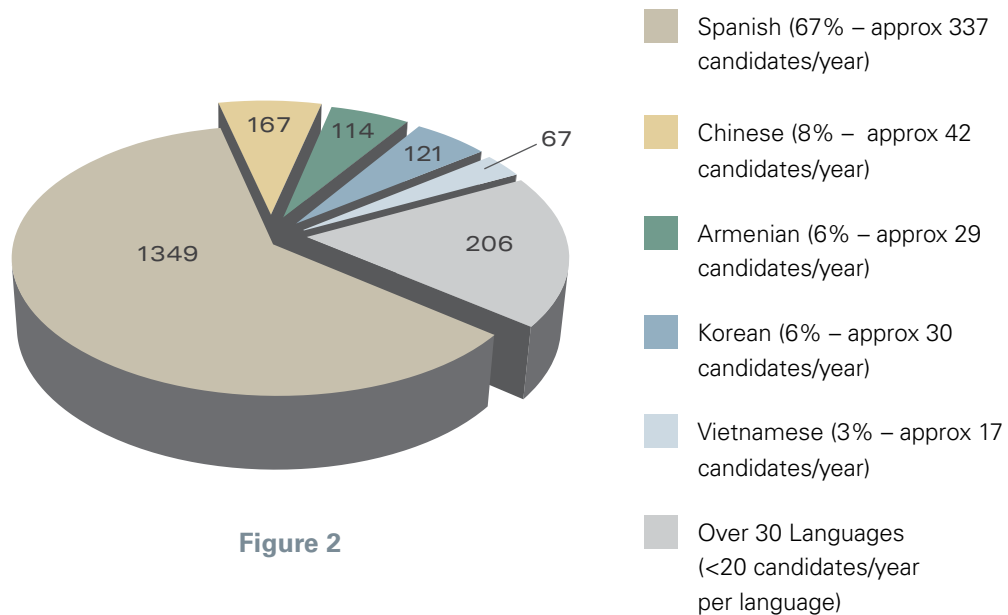


Figure 2

Requests for translation of examinations into the five major languages (Spanish, Chinese, Korean, Armenian, and Vietnamese) are spread out among many different examinations. **Figures 3 to 7** address each language separately, showing the number of trade examinations that were translated into each of the main languages. As can be observed, there is no consistent pattern of relationship between languages and trades. For example, the “B” General Building contractor accounts for over half of the trade examinations translated into Chinese and Korean and for about one-third of the trade examinations translated into Vietnamese; the C-27 Landscaping and C-15 Flooring examination account for more than one-quarter of all examinations translated into Armenian; translations into Spanish are spread among many trades; and a little over half of the translations into Armenian are spread among the “B” General Building, the C-20 Warm-Air Heating, Ventilating and Air-Conditioning, and C-10 Electrical contractor exams. As this analysis indicates, the languages and examinations are spread out in a large and complex matrix.

Number of Trade Exams Translated into Spanish

January 2008 - December 2011

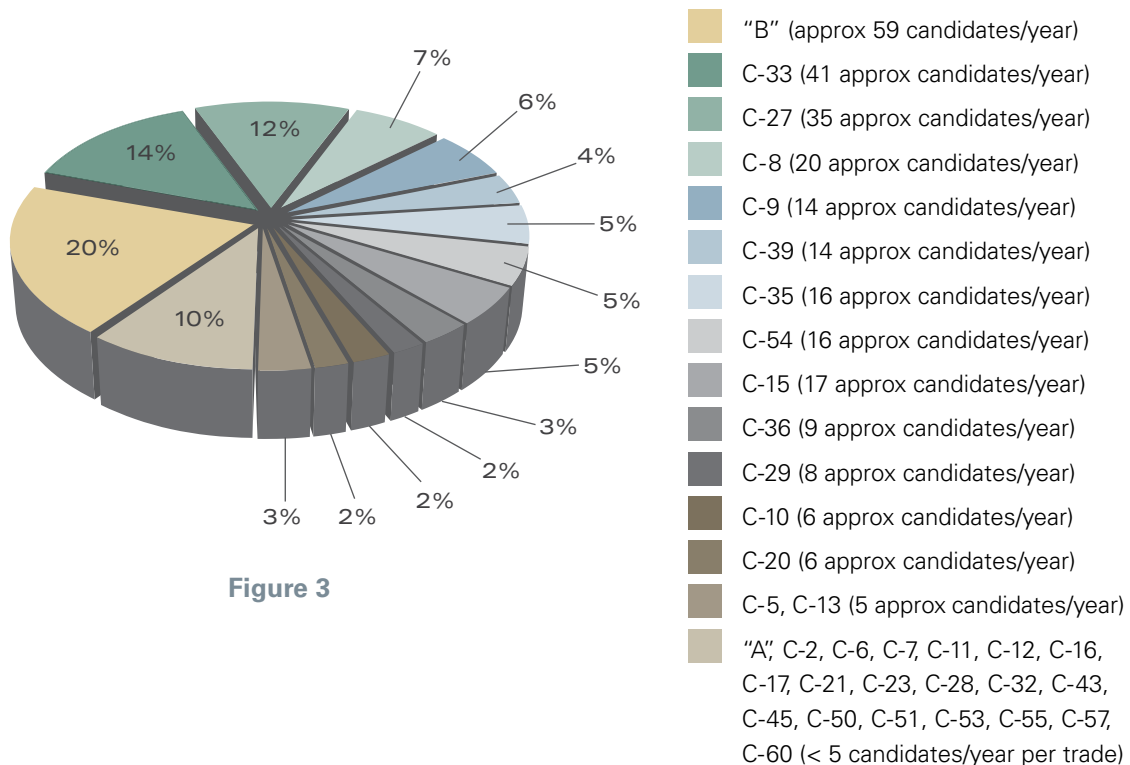
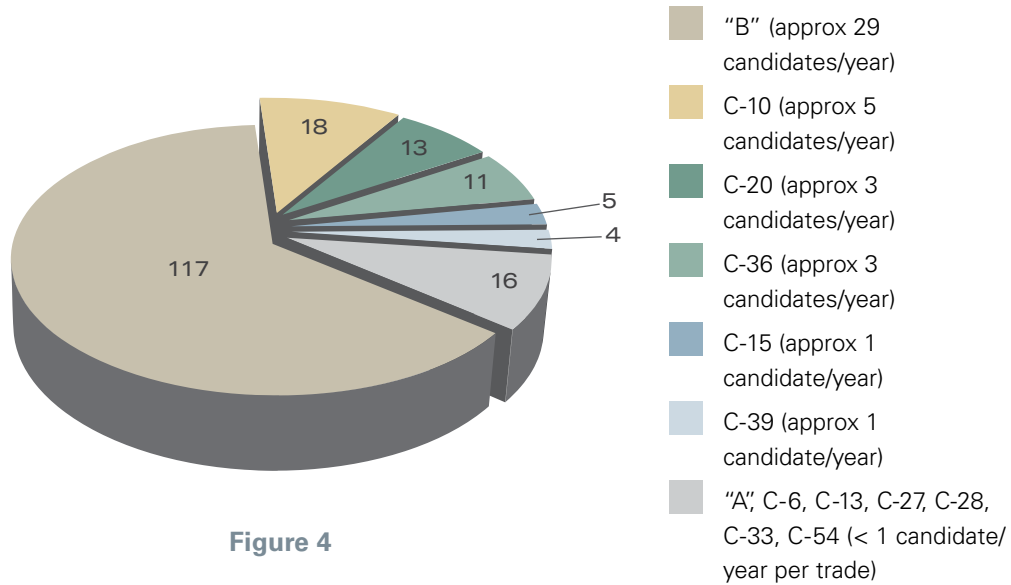


Figure 3

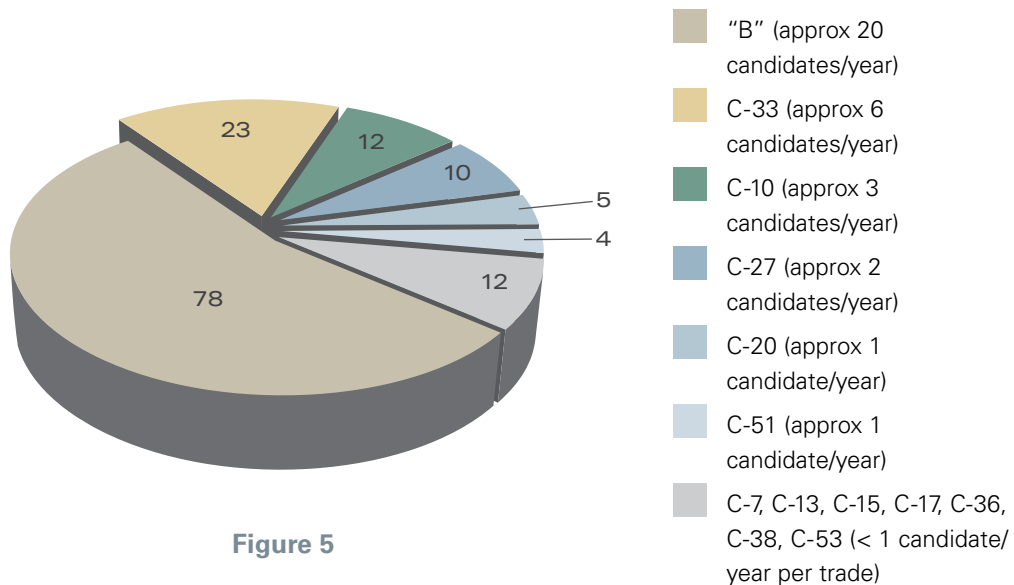
Number of Exams Translated into Chinese

January 2008 - December 2011



Number of Exams Translated into Korean

January 2008 - December 2011



Number of Exams Translated into Armenian

January 2008 - December 2011

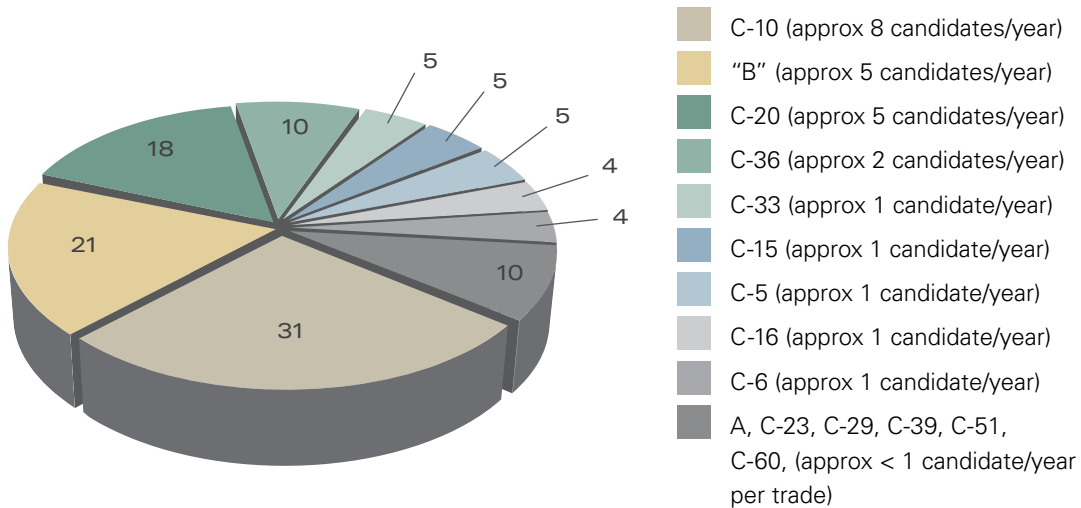


Figure 6

Number of Exams Translated into Vietnamese

January 2008 - December 2011

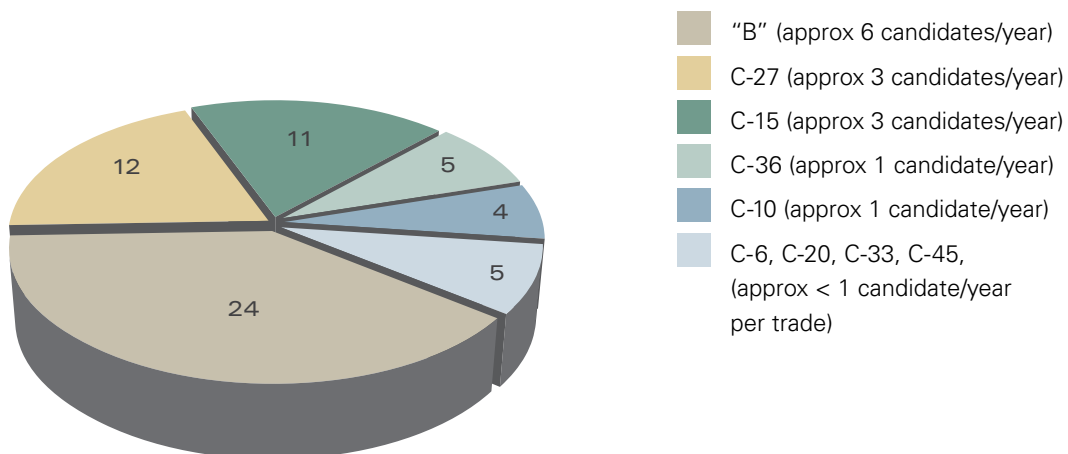


Figure 7

Analysis of Alternative Translation Methods

CSLB is not required by law to translate the examinations for applicants, but its goal is to provide ESL applicants with the fairest way to test for an examination using a translation methodology that is feasible and effective. The Testing division has reviewed different methods for providing translated examinations. **Table 1** describes the methods with their advantages, disadvantages, and cost considerations.

The main disadvantage of the current method of allowing CSLB-approved, applicant-provided translators is whether the quality of the translations is consistent among translators. **Option 3**, allowing only certified translators, might help with that, but it creates other issues:

- It would be expensive for the applicant.
- CSLB would have no control of whether the translator has legal, accounting, or construction-related experience.
- CSLB would have no control over how often a specific translator translates a given examination.
- The licensed translator might not have expertise in the very specific dialect an applicant may need.

Option 1, changing CSLB's policy to discontinue any translating, would likely meet with strong opposition.

Due to the variety of languages, number of different license and certification examinations, ongoing cycle of examination content revision, and volume of examinations, it is impossible to translate all of the examination banks or versions into all of the needed languages. Funding and staff resources to support even the main languages and main examination classifications (**Options 4 and 5**) would require an excessive expenditure. This would not only include the cost of translating the examinations, but the cost of revalidating and pass point setting for each examination in each language (as required by the *Standards for Educational and Psychological Test*, 1999, American Educational Research Association, American Psychological Association, and National Council on Measurement in Education).

Option 4 is much more costly than 5, because it entails translating whole examination banks, rather than versions of 100 to 115 questions. The problem with translating only one examination version, is that many applicants retest a number of times. It would be unfair and also threaten examination security for applicants with translated

examinations to be exposed over and over to the same questions on a single version, when the other applicants are required to take different versions. To prevent over-exposure of examination questions, most of the CSLB examinations have two to three versions available at a time, and new versions are released frequently.

Option 2, CSLB's current method of translation, meets the needs of all ESL applicants and is cost-effective. ESL applicants are treated fairly, no matter what language or dialect they need. In addition, it treats the ESL applicants equal to other applicants, in that they are administered the same examination versions, and they also have equal exposure to questions upon retesting.

Due to these factors and comparisons, CSLB has determined that **Option 2** remains as its translator testing policy.

Table 1

Translation Option	Methodology	Advantages	Disadvantages	Approximate Cost to CSLB
1. Disallow any translations	<ul style="list-style-type: none"> CSLB communicates to applicants that all examinations are to be taken in English only 	<ul style="list-style-type: none"> All examinations given in English 	<ul style="list-style-type: none"> CSLB perceived as not accommodating needs of ESL applicants ESL applicant could file lawsuit against CSLB 	Reduction in staff time
2. Allow sight translation by applicant-provided translator (current method)	<ul style="list-style-type: none"> Applicants requesting translated examination provide their own translator (a certified interpreter, family member, or friend) Translation is recorded and reviewed in case of suspected misconduct 	<ul style="list-style-type: none"> Translated examinations contain same questions as non-translated examinations CSLB not liable for translation 	<ul style="list-style-type: none"> Possible use of non-qualified translators leading to inconsistency in the translations 	One staff person is dedicated to translator program
3. Allow sight translation by certified translators only	<ul style="list-style-type: none"> Applicants requesting translated examination provide a certified interpreter Translation is recorded and reviewed in case of suspected misconduct 	<ul style="list-style-type: none"> Translated examinations contain same questions as non-translated examinations 	<ul style="list-style-type: none"> Higher cost for applicants Applicant's need for a specific dialect may not be met Potential protests by applicants over quality of translation, if CSLB limits their options CSLB could not control that the interpreter does not have construction or law knowledge CSLB could not control how often the interpreters translate a given examination 	Reduction in staff time

Table 1 (continued)

Translation Option	Methodology	Advantages	Disadvantages	Approximate Cost
4. Translate the whole item bank for main languages/classifications	<ul style="list-style-type: none"> • Test development staff coordinates the written translations by subject matter experts of seven item banks (approximately 5,000 items) into different languages, requiring new validation and pass point 	<ul style="list-style-type: none"> • Consistent translation for main languages/trades • Possible misconduct between translator and applicant eliminated 	<ul style="list-style-type: none"> • No translation services provided to less popular target languages and classifications • Unequal treatment for ESL applicants needing translations for the non-target languages and classifications leading to lawsuits • Potential protests by applicants over quality of translation • Would require CSLB to hire more test development staff to take over management of translated banks and subject matter expert recruitment 	Very high cost
5. Translate one version for main languages/classifications	<ul style="list-style-type: none"> • Test development staff coordinates the written translations by subject matter experts of seven examination versions (approximately 730 items) into different languages, requiring new validation and pass point 	<ul style="list-style-type: none"> • Consistent translation for main languages/trades • Possible misconduct between translator and applicant eliminated 	<ul style="list-style-type: none"> • Preferential treatment to those with translated examinations who, upon retest, are always exposed to the same questions, whereas others take different versions • No translation services provided to less popular target languages and classifications • Unequal treatment for ESL applicants needing translations for the non-target languages and classifications leading to lawsuits • Potential protests by applicants over quality of translation • Would require CSLB to hire more test development staff to take over management of translated versions and subject matter expert recruitment 	High cost



CONTRACTORS STATE LICENSE BOARD

P.O. Box 26000
SACRAMENTO, CA 95826-0026

9821 BUSINESS PARK DRIVE
SACRAMENTO, CA 95827
800.321.CSLB (2752)

www.cslb.ca.gov

CheckTheLicenseFirst.com

SeniorScamStopper.com

RETROACTIVE FINGERPRINTING FOR LICENSED CONTRACTORS

Summary of Recommended Position

Existing California licensed contractors should not be fingerprinted retroactively.

Current Law

Business and Professions Code section 144 (added by Chapter 758, Statutes of 1997) provides that all listed boards shall require applicants to furnish a full set of fingerprints for the purpose of conducting criminal history record checks. The Contractors State License Board (CSLB) was included in Section 144 in 2002 (SB 1953, Chapter 789) and 2003 (SB 364, Chapter 789). In 2002 and 2003, the fiscal estimate for implementing the fingerprinting requirement was \$200,000 in the first fiscal year and \$227,000 annually thereafter. Legislation in 2004 (SB 136, Chapter 909) delayed implementation of the requirement until sufficient resources were available or until July 1, 2005, whichever occurred first. CSLB began fingerprinting applicants in January 2005. Prior to this, CSLB had the authority to deny a license or discipline a licensee for a conviction that was substantially related to the qualifications of the profession, but relied upon applicants and licensees voluntarily disclosing this information.

Implementation of Existing Requirement

To date, CSLB has fingerprinted approximately 40 percent of its licensees. CSLB requires fingerprint submission for any new application, including any existing licensee who is modifying a license (such as a change of qualifying individual or additional classification).

Cumulatively, as of May 1, 2012, the first-time fingerprinting hit rate (not including subsequent arrests/convictions) was approximately 17.1 percent (44,152 applicants with a type of conviction out of 257,825 applicants fingerprinted).

CSLB has received approximately 44,000 Criminal Offender Record Information (CORI) records and has denied approximately 1,079 applications and issued approximately 1,208 probationary licenses.

Unlike many other licensing boards that license individuals (sole owners) exclusively, CSLB also licenses partnerships, corporations, limited liability companies, and joint ventures. Since CSLB's licensing structure revolves around companies rather than individuals exclusively, the license personnel of record can range between one person and dozens or hundreds of people or entities. There is no limit for the number of personnel of record on a CSLB license, but the average is approximately three to five people per license.

Retroactive Fingerprinting of All Licensees

In 2009, legislation was introduced (SB 389, Negrete Mcleod) to require various licensing programs under the Department of Consumer Affairs to ensure that all licensees are fingerprinted to obtain criminal history background checks, as well as

notices of any subsequent convictions. That bill would have required a number of boards, including CSLB, to obtain fingerprints from those licensees who had not previously been fingerprinted. SB 389 met significant opposition from a number of contractor associations, and ultimately failed passage in the Assembly Public Safety Committee.

In 2011, during CSLB's last legislative sunset review, Senate Business, Professions and Economic Development Committee staff recommended that CSLB develop a plan and make recommendations to the Committee on an appropriate way to establish a fingerprint requirement for all existing licensees, so that CSLB would receive criminal record information and subsequent arrest information from the Department of Justice and Federal Bureau of Investigation. This recommendation was not included in the final bill that extended CSLB's sunset date (SB 543, Chapter 448, Statutes of 2011).

Policy Concerns with Implementation of Retroactive Fingerprinting

1. Industry Impact

This requirement would significantly impact CSLB's licensees. Fingerprinting likely would occur at the time of license renewal and could result in significant delays for many licensees. It is important to note that licensees who fail to renew their license(s) in a timely manner, for whatever reason, are not authorized to contract while the license is expired. A contractor who works despite the expired status of their license is subject to nonpayment for their services, based on the provisions of Business and Professions Code section 7031. Under this section of law, such a contractor essentially would be an unlicensed operator during the time period that his/her license reflected the expired status and the licensee could be subject to disciplinary action based on the unlicensed practice.

2. Public Protection

Retroactive fingerprinting does not guarantee public protection due to the unique nature of the construction industry, and because mechanisms already are in place.

- Contractors who enter homes or businesses are not necessarily the actual licensee but rather are employees who are not licensed or fingerprinted.
- Because CSLB's licensing program is so different from other boards, CSLB licensees will be fingerprinted more quickly than new applicants as they apply to modify their licenses, e.g., add a classification, replace a qualifier, etc.). In just seven years, nearly 40 percent already are fingerprinted.
- CSLB regularly is notified about contractors who are arrested and/or convicted through partnerships with local government agencies, as well as from other licensees.
- There is a level of confidence that a significant number of contractors who have not been fingerprinted have been practicing their trade for at least seven years (since CSLB applicant fingerprinting began in 2005) in a competent and honest manner, or they would have faced some disciplinary or criminal action.

3. Impacted Resources

CSLB does not support a retroactive requirement, particularly because CSLB is having difficulty meeting its existing requirements and responsibilities under the current environment, as well as the fact that such a requirement would have a significant impact on the industry. CSLB would caution against placing any additional burden on this industry when the economy is still in recovery mode.

4. Significant Costs

Expanding the existing requirement to provide for retroactive fingerprinting of all active licensees would impose a significant workload for CSLB, and CSLB would need additional resources to implement any new requirement. As mentioned previously, CSLB has worked with Senate Business, Professions and Economic Development Committee staff to develop a plan that would implement a requirement for retroactive fingerprinting of all licensees. Under that plan, CSLB would phase in the requirement over three renewal cycles to print the approximately 264,000 outstanding individuals.

If CSLB were to fingerprint all personnel not currently on record, phasing the requirement in over the next three renewal cycles, an additional 7.5 PYs (Staff Services Analysts) would be needed over the six-year period, with an associated cost of approximately \$4 million. Approximately \$3 million of that total is salary and OE&E; the remainder is reimbursable costs for out-of-state licensees' fingerprint reimbursement.

In addition, CSLB would expect additional programming costs, as well as potentially substantial additional workload for the subsequent arrest unit, which is not included in this estimate.

CSLB has lost more than 120 authorized positions over the last 10 years, having just lost 21.5 PYs in fiscal year 2012-2013. CSLB has not been able to implement laws that went into effect January 1, 2012, and it is unrealistic to consider any new mandates at this time.

CSLB also would like to note that it has not yet been able to fully implement the existing fingerprint requirement. Although CSLB submitted several budget change proposals, resources have not been authorized to track subsequent arrests and to investigate subsequent convictions of licensees. CSLB does not believe the fingerprint requirement should be expanded until resources are first authorized to fully track and investigate all subsequent arrests/convictions of licensees who have been fingerprinted.

8/31/2012

CONTINUING EDUCATION

Summary of Recommended Position

The Contractors State License Board (CSLB) opposes requiring licensees to complete a continuing education requirement as a condition of license renewal.

Background

Many professions, particularly in the health field, have imposed a continuing education (CE) or continuing competency (CC) requirement on licensees. This requirement is generally for a set number of hours of education as a condition of license renewal. CE can be in the form of distance education, online education, attendance at seminars or conferences, or other types of classes.

In the past several years, discussion has focused on the value of CC over CE. CE is generally seen as a way to require licensees to stay current with standards and practices. CC, on the other hand, is a way to measure or verify whether a licensee is still able to competently perform his or her functions. It is broader than CE and may include self-assessment and subsequent reassessment or reexamination of licensees. The discussion of CC has focused on the health fields, primarily nursing and physical therapy. Some professions have turned to CC because they believe there are significant limitations to solely using CE as a way of determining ongoing competency.

The need for both CE and CC is expressed as both public protection and professional development. It is important to note that California licenses for a minimum level of competency; it is not the role of a licensing board to advance a profession. Most CE programs have virtually no way to assess whether the licensee has learned anything through the required CE.

Some proponents of CE believe that failing to regulate the continuing competence of licensees undermines the value of licensing, and the consumer protection that it provides. Additionally, without a form of ongoing education, the licensing system relies too heavily on reactive discipline to ensure licensees are properly performing their duties.

Critics contend that there are other forums, such as private associations and certification, to differentiate more experienced and knowledgeable licensees from those who are less interested in remaining current on professional trends and practice. Also, any additional costs for a licensed profession translate into increased costs to consumers, possibly without a corresponding benefit. Finally, there are often no tools to measure whether or not CE is accomplishing its goal.

Issues to Consider Before Implementing CE

Any program considering, or being asked to consider, a CE requirement needs to first identify whether there is an existing problem, and, if so, whether or not mandatory CE would help solve that problem. Consideration also needs to be given to the fiscal

impact, to both the board and licensees, and whether any potential need justifies that cost.

Specific questions to consider:

1. Is there a clear problem adversely affecting consumers?
2. If so, is CE the best way to address that problem, versus information dissemination of trends/standards, enforcement, or licensing?
3. If so, is there a clear connection between the problem and the solution as proposed by CE? (E.g., if it is disabled access, does the CE address that problem?)
4. If so, does the board have the necessary staff and budget to make the CE effective, or will it need additional resources?
5. If so, is there a clear measurement tool to demonstrate that the CE solves the problem?
6. If so, is the solution worth the costs to licensees, consumers, the board, and the public?

Existing Law on CE Programs

Business and Professions Code section 166 requires the Director of the Department Consumer Affairs (DCA) to develop guidelines by regulation for any mandatory CE programs administered by an entity within DCA. Regulations have never been adopted, but the statute provides that mandatory CE programs administered by any board must address, at a minimum, the following standards:

1. Course validity
2. Occupational relevancy
3. Effective presentation
4. Material assimilation
5. Potential for application

Legislative History

In 2011, Governor Brown vetoed a bill (SB 671) that would have imposed a CE requirement on court reporters. In his veto message, the Governor stated:

This bill would make license renewal for court reporters contingent on continuing education. The whole idea of legally mandated "continuing education" is suspect in my mind. Professionals already are motivated to hone their skills or risk not getting business.

Requiring them to pay fees to "continuing education providers" is an unwarranted burden.

In relation to AB 2189 (Karnette, 2008) for court reporters, Governor Schwarzenegger vetoed this bill, stating:

The proposed continuing education requirements in this bill impose an additional burden on the regulated profession without justifying a compelling need.

DCA also opposed this bill, stating:

The need for the bill has not been adequately justified. DCA is not aware of any consumer harm that has resulted from unqualified CSRs (certified shorthand reporters). DCA further contends that continuing education requirements can have a significant financial impact on licensees, and that absent a compelling need, it seems unreasonable to place this additional burden on the regulated profession. Licensees already need to keep up to date on the latest technologies and laws in order to find employment in a very competitive marketplace.

From the Senate Business, Professions and Economic Development Committee analysis:

The arguments for the bill focus on informing CSRs about changes in laws and regulation, court procedures, and technological advances in the profession. However, the proponents should clearly document the harm that consumers encounter without a mandatory continuing education requirement for licensees.

A mandatory continuing education requirement would generate unspecified costs to licensees and generate corresponding revenues to continuing education providers, which typically are educational institutions and professional associations. The Board would also incur costs in establishing continuing education standards and tracking licensee compliance. In light of the low number of complaints by consumers and enforcement actions against licensees, what is the demonstrated need to mandate continuing education? The proponents should address the justification for, cost, and availability of such continuing education before going forward with a continuing education proposal.

It may be useful to draw a distinction between continuing education that is undertaken voluntarily by conscientious, motivated practitioners, versus continuing education that is undertaken involuntarily by unwilling or unmotivated practitioners. While continuing education seems intuitively to be highly beneficial to licensees and the consumer public, there is no empirical evidence that demonstrates a clear conjunction between a continuing education mandate and improved practitioner competence.

AB 2482 (Maze and Bass, Chapter 76, Statutes of 2008) required physician assistants to complete up to 50 hours of CE every renewal cycle.

SB 1608 (Corbett, Chapter 549, Statutes of 2008) enacted additional requirements to increase voluntary compliance with state and federal laws requiring access to persons

with disabilities in any place of public accommodation. Additionally, it required architects to complete CE on disability access requirements as a condition of license renewal.

AB 120 (Cohn, Chapter 540, Statutes of 2006) established CE or CC for physical therapists and physical therapy assistants.

According to the sponsor of the bill, the California Physical Therapy Association:

The primary purpose of mandatory continuing education is to provide consumers some assurance that the physical therapy services they receive from physical therapists and physical therapist assistants are based on the most recent knowledge and understanding available, through new and ongoing education that ensures the best evidence-based practices are being utilized. The sponsors believe that mandating continuing education will ultimately result in a high level of competence which will in turn translate into improved services for the citizens of California.

The Physical Therapy Board had requested authority to establish CE during its sunset review in 2001-2002 and 2005-2006. DCA opposed the request both times, as did the Joint Legislative Sunset Review Committee.

From the Senate Business, Professions and Economic Development Committee's analysis:

While government has struggled with the issue of what steps might be required to assure that licensed professionals maintain continued competency in their profession following initial licensure, generally where any action has been taken it has been to mandate continuing education. While on its face continuing education would seem to assure that practitioners are exposed to ongoing education related to their profession, the value of mandating continuing education has been questioned in the past. Professional associations often push for continuing education, but these associations also are often providers of continuing education, and therefore financially benefit from a continuing education requirement. Other issues regarding the efficacy of mandating continuing education include the relevance of the courses, assurance of actual attendance, and whether a practitioner will actually participate and learn if compelled (rather than by voluntarily doing so by choice).

Current Requirements

Many of the professions within DCA do have a CE requirement. The majority of these are in the health professions, but some non-health boards do as well, such as the Board of Accountancy and the Architects Board, as well as the Structural Pest Control Board, which is part of the Department of Pesticide Regulation. The professions that do have CE all have an educational component as part of the initial licensing requirement.

Fiscal and Economic Impact

CE imposes a cost on both licensees and the licensing board. The last few boards that have implemented, or have attempted to implement, CE (Physical Therapy, Court Reporters Board, Physician Assistants Committee) have indicated that they could implement the requirement within their existing budget. However, all of these programs are significantly smaller than CSLB, which would not be able to implement such a requirement within existing resources.

Depending upon how the requirement is structured, there could be a significant workload impact. CSLB has approximately 300,000 licensees. If all licensees were required to complete CE every two years as part of their renewal, there likely would be a requirement for staff to audit a certain percentage or a random sample of renewals to verify the requirement is being met. Given the size of CSLB's licensing population, this would require significant additional resources.

Such a requirement would impose a significant financial burden on licensees, as well. They would need to pay to attend the required courses, distance education, or other format, and would need to take time away from work to complete the requirement.

Conclusion

While many licensed professions in California have a CE or CC requirement, there is little information available about the effectiveness of such requirements. As noted in the Senate Business, Professions and Economic Development Committee analysis of AB 2189, "there is no empirical evidence that demonstrates a clear conjunction between a continuing education mandate and improved practitioner competence." Without an identified problem with the construction industry that CE would address, and due to the significant cost impact of such a requirement on licensees and the Board, CSLB cannot support a CE requirement.

AGENDA ITEM H-5

Review and Approval of Committee Recommendation Regarding License Renewal Delinquency Fees



DELINQUENT RENEWAL FEES

Summary of Recommended Position

Contractors who file a renewal application **timely** with the applicable renewal fee should not be subject to a delinquency fee if the renewal application is subsequently rejected, provided corrections are received within 90 days.

Current Law

Business and Professions Code section 7140 provides that “all licenses issued under the provisions of this chapter shall expire two years from the last day of the month in which the license is issued, or two years from the date on which the renewed license last expired. To renew a license that has not expired, the licensee shall, before the time at which the license would otherwise expire, apply for renewal on a form prescribed by the Registrar and pay the renewal fee prescribed by this chapter. Renewal of an unexpired license shall continue the license in effect for the two-year period following the expiration date of the license, when it shall expire if it is not again renewed.”

California Code of Regulations (CCR) section 853 (c) states, “An incomplete renewal application shall be returned to the licensee by the Registrar with an explanation of the reasons for its rejection. If the renewal application is not returned before the expiration date of the license, the license shall expire as provided in Section 7140 of the code.”

Further, CCR section 853 (d) states, “An expired license shall not be renewed until any accrued delinquency fee has been paid.”

Background

Under current regulation (CCR 853 (c) and (d)), a licensee who submits his/her renewal application timely (on or before the expiration date, even by just one day) and pays the required fee but the application is later rejected for some reason (usually failing to have the required signature) and the licensee is unable to return the corrected renewal form prior to the expiration date, he/she is now required to pay the delinquency fee (currently \$160) when resubmitting the rejected renewal application.

Although the Contractors State License Board (CSLB) sends renewal applications to its licensees well in advance of the expiration date (60 days), for a variety of reasons licensees may wait until the last minute to return the application. If a renewal application is received on or even a few days before the expiration date and the application must be returned for some reason, there is literally no time for the licensee to return the corrected application prior to the expiration date; thereby, requiring a delinquency fee to be paid.

Other agencies, such as the Department of Motor Vehicles, allow a licensee to pay fees timely and if the application must be rejected, the licensee is sent a notification of

incomplete renewal. Although the license is not renewed until the completed renewal application is returned to that agency, delinquency fees do not accrue if the renewal form and fees were initially submitted before the expiration date of the license. This is also the practice among some Department of Consumer Affairs boards, like the Board of Optometry.

Contractors have an incentive to file an acceptable renewal in a timely manner because a licensee practicing with an expired license may be subject to disgorgement of funds for failing to maintain a current license during all times that work is being contracted for or performed. This recommendation would not remove this incentive because even though the delinquency fee would not be applied to renewal applications that were initially filed timely, if the application is rejected, the license would not be renewed until the date an acceptable application is received and processed by CSLB.

Recommendation

The Board should amend CCR Section 853 to provide that contractors who file their renewal application and pay the required renewal fee timely should not later be subject to the delinquency fee if the renewal application is subsequently rejected and the required corrections are received by CSLB within 90 days of the original expiration date. However, during the time period in which an **acceptable** renewal application has not been received and processed by CSLB, the license shall not be renewed and the status shall show as expired. Once an acceptable application is received by CSLB, the license shall be renewed effective the date the **acceptable** application was received by CSLB.

8/31/2012

AGENDA ITEM I

Executive Committee Report



AGENDA ITEM I-1

Administration and Information Technology Update





CONTACTORS STATE LICENSE BOARD

ADMINISTRATIVE AND IT PROGRAM UPDATE

ADMINISTRATIVE PROGRAM UPDATE

PERSONNEL UPDATE

Examinations

DIVISION	EXAM	STATUS
Enforcement	Enforcement Representative I, CSLB	Continuous merge; Statewide at CSLB testing centers
Information Technology	Assistant Information Systems Analyst Associate Information Systems Analyst	Continuous Filing; Open Exam. Continuous Filing; Open Exam
Licensing Division	Supervising Program Technician	Oral Interviews tentatively scheduled September/October
Testing	Test Validation & Development Specialist II	Continuous Testing
All CSLB	Associate Governmental Program Analyst	Continuous Filing; Open Exam; Online Testing
	Staff Services Manager I	Continuous Filing; Open Exam; Online Testing
	Staff Services Manager II	Continuous Filing; Open Exam; Online Testing
	Staff Services Manager III	Continuous Filing; Open Exam; Online Testing

Staff Positions

As of August 22, 2012, there were 24 vacant positions at CSLB. Between May 21, 2012 and August 22, 2012, CSLB had 13 transfers from within CSLB, 7 transfers from another state agency, 2 promotions, and 21 new hires.

The following table illustrates the vacancy breakdown as of August 22, 2012:

DIVISION	AUTHORIZED PY'S	VACANCIES
Administration	30	1
Enforcement	209	13
Executive/Public Affairs	12.5	2
Information Technology	22	2
Licensing	98.5	3
Testing	27.5	3
TOTALS	399.5	24

Note: This does not include vacant positions for which hiring commitments have been made.

**BUSINESS SERVICES UPDATE****Space/Leasing/Facilities:**

SAN BERNARDINO – Staff is in the process of scheduling a pre-construction meeting with the Department of General Services (DGS) to prepare for the installation of bullet proof glass for the public counter.

BAKERSFIELD – A new site for the Bakersfield office has been selected. The final plans are drawn and approved. Staff is in the process of scheduling a pre-construction meeting with the DGS.

FRESNO – Staff was relocated from the state-owned building and consolidated into the site located at 1277 E. Alluvial Ave, Fresno.

OAKLAND – The Board of Equalization (BOE) will backfill CSLB space currently located in Oakland and the staff will relocate to CSLB's Berkeley office. The estimated time frame for this move is six (6) months. Staff is in the process of scheduling a pre-construction meeting with the DGS to reconfigure the Berkeley office.

MODESTO – CSLB will close the Modesto office and staff will relocate to a nearby EDD office that has a cubicle available for use. This will result in significant cost savings for CSLB.

Contracts:

- Sharp Copiers – Five copiers with maintenance
- Pitney Bowes – Maintenance for inserter machine
- In-a-Bind – Laminating machine with maintenance
- Pitney Bowes – Rental and maintenance for field postage machines
- Pitney Bowes – Rental and maintenance for HQ postage machine and folder
- Workers' Comp – Data access for Enforcement staff
- Total Shred – Shredding services for field staff
- FedEx & GSO – S mall parcel delivery
- Inter-Con Security – Security guard services
- Miramar College – Peace Officer Training Academy

Fleet Management:

CSLB is in the process of replacing ten (10) Enforcement division vehicles through the purchase of new vehicles. DGS currently is in the final review phase of this purchase request. So far, one vehicle (of the 10 requested new vehicles) has been substituted with an underutilized vehicle from the State Lands Commission, as directed by the DGS. It is anticipated that the remaining vehicles will be approved.

Records Management:

File room staff continues to purge cancelled/expired license files from the HQ file room.



INFORMATION TECHNOLOGY DIVISION UPDATE

BreEZe

When implemented, BreEZe will include e-payment/online licensure; licensing, enforcement, and imaging functions; and workflow features.

The Department of Consumer Affairs (DCA) is working with the vendor, Accenture, who is coordinating with the state staff project team to define Phase I requirements, as well as develop standards for various data elements and interfaces. CSLB has two business subject matter experts (SME's) as well as two Information Technology staff working with the BreEZe team.

The BreEZe Change Control Board's (CCB) – of which CSLB Chief Deputy Registrar Cindi Christenson is a member – primary task is to review and approve changes to current systems that will impact BreEZe requirements and/or changes to BreEZe requirements that are not within the original scope. Because BreEZe is in the design phase, a controlled freeze has been implemented at CSLB. This controlled freeze requires that any modification made to CSLB's current system that has the potential to impact BreEZe design, be brought before the CCB prior to beginning work.

On August 15, 2012, it was announced that the planned BreEZe Release 1 go-live of October 15, 2012, is being delayed. The BreEZe project has been dealing with additional, unplanned resource challenges, which have manifested into the need to push the Release 1 go-live date to a later date. Accenture believes the new date to be late November; however, the BreEZe project leadership team is working with Accenture to assemble an achievable plan, which will determine the new go-live date. Once this date has been established it will be immediately communicated to the Executive Steering Committee to inform them of impacts to their staff in the areas of training, acceptance testing, conversion, etc.

Workers' Compensation Insurance

AB 397 mandates that at the time of renewal, an active contractor licensee with an exemption for workers' compensation insurance be on file with the board to either recertify the licensee's exemption or to provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. The bill also provides for retroactive license renewal, as specified, for otherwise acceptable license renewal applications when the applicant provides the required documentation within 30 days after notification by the board of the renewal rejection.

The CSLB Licensing division has postponed the original implementation date of July 1, 2012, for the workers' compensation insurance changes to January 2013. CSLB Information Technology staff is working with Licensing division staff to ensure implementation is achieved by the January 2013 date.

IT Staff Retirements

Succession planning within the IT division has been an ongoing issued since becoming aware of future retirements. Two key Programming Unit staff will be retiring in November 2012, Programming Supervisor Debbe Phelps, and Lead Enforcement Programmer Debbie Brandon. The Programming Unit is cross-training staff to prepare for the loss. The Lead Enforcement Programmer position will be lost as part of the recent staffing reductions. The IT division will be working with DCA Personnel to fill the Programming Supervisor position prior to her retirement.

AGENDA ITEM I-2

Loss of Resources





CONTRACTORS STATE LICENSE BOARD

LOSS OF RESOURCES

Overview

In the past decade, CSLB resources have significantly diminished while its responsibilities have increased. Staff has been asked to maintain productivity levels with fewer cell phones, vehicles, and work hours, and at lower pay.

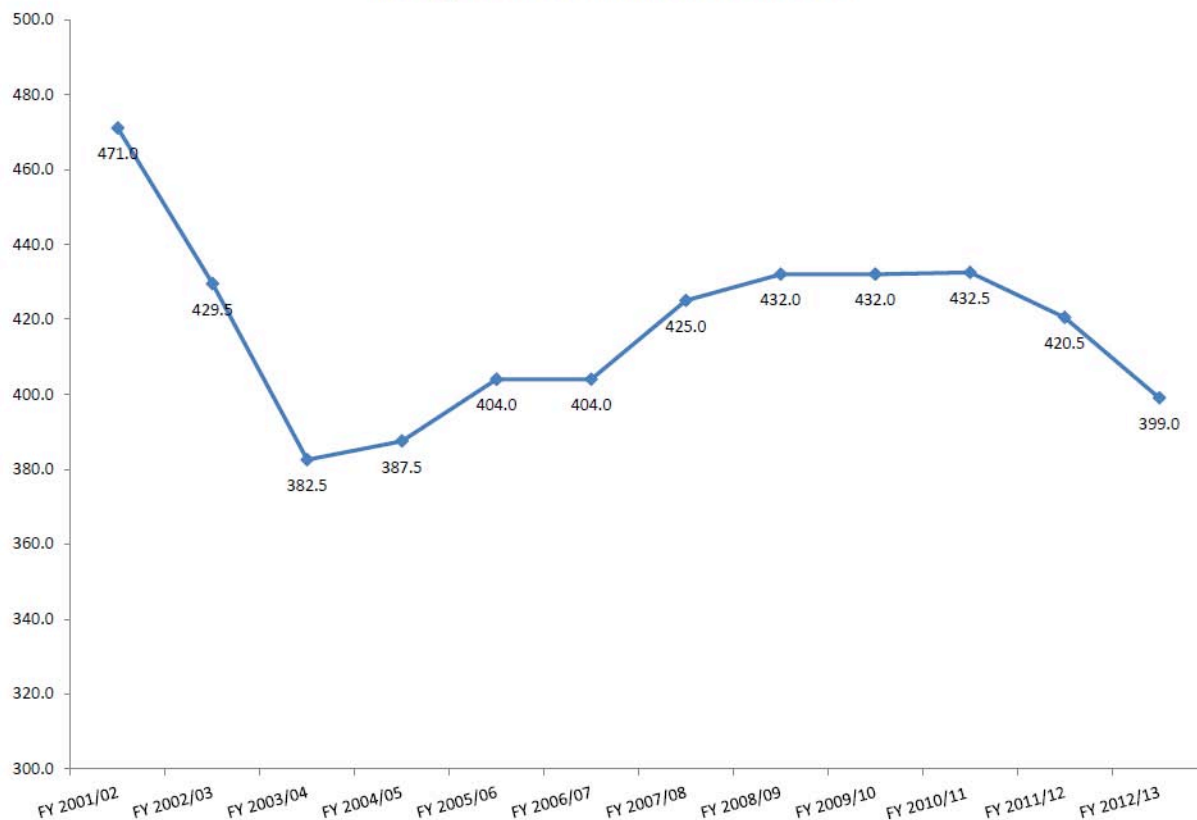
Permanent Staff

In fiscal year (FY) 2001-2002, CSLB had 471 permanent staff positions, as well as 15 personnel year (PY) equivalents in its "blanket," giving CSLB 486 PYs.

Now, two months into FY 2012-2013, CSLB's number of authorized permanent positions stands at 399, with 2.6 additional PYs in the "blanket."

With the currently required one-day-per-month furlough program in place, CSLB loses employee work time equivalent to 20 PYs, reducing staffing to the equivalent of 379 PYs.

Budgeted Permanent Positions



**Retired Annuitants (RAs)**

Under provisions of Side Letter Agreements with state employee bargaining units (Service Employees International Union, International Union of Operating Engineers, and California Statewide Law Enforcement Association), state agencies have been directed to eliminate all mission critical retired annuitants who were performing bargaining unit work.

CSLB initially identified non-mission critical retired annuitants for elimination. They were released June 30, 2012:

- Paula Alvarado-Smith, Consumer Services Representative
- Joyce May, Associate Governmental Program Analyst
- Alice Reed, Associate Governmental Program Analyst
- Peter Sugar, Enforcement Representative II
- Peter Tuminia, Enforcement Representative II

CSLB deemed that work done by 14 other RAs was mission critical.

Cabinet-level state agencies subsequently were directed to have the departments under their control review lists of remaining RAs to determine if they were, indeed, mission critical. CSLB is part of the Department of Consumer Affairs (DCA), under control of the State and Consumer Services Agency (SCSA).

While other agencies left RA determinations to the individual departments, or to the individual programs themselves, SCSA reviewed all requests and determined which RAs could be kept and for how long.

SCSA deemed two RAs as mission critical who could be retained:

- Skip Jones, General Auditor III
- A.J. Watson, Staff Information Systems Analyst

SCSA approved extensions for 12 other RAs, as indicated below:

Executive Office – Temporary Research Position

- Debbie Thompson (Research Program Specialist)

Agency Decision

Approve until 60 days after Permanent Intermittent employee is hired or 6/30/13, whichever comes first.

Enforcement Division – Peace Officer Positions

- Doug Galbraith, Enforcement Representative II
- Greg Hamway, Enforcement Representative II

Agency Decision

Approve through 60 days after permanent employee is hired or all peace officer background checks are completed but no later than 6/30/13.

Enforcement Division – Public Works Compliance Project

- Paige Roush, Enforcement Representative II

Agency Decision

Open-ended approval for intermittent/part time highly specialized work.

**Enforcement Division – Temporary Personnel and Special Project**

- Rene Luchini, Associate Governmental Program Analyst

Agency Decision

Approve through reorganization of Enforcement division or return of analyst from surgery but no later than 12/31/12.

Enforcement Division – San Francisco Investigator

- Gene Bell, Enforcement Representative II

Agency Decision

Approve until 60 days after Permanent Intermittent employee is hired or 6/30/13, whichever comes first.

Enforcement Division – South Bay Area Investigator

- Robert Tassano, Enforcement Representative II

Agency Decision

Approve until 60 days after Permanent Intermittent employee is hired or 6/30/13, whichever comes first.

Enforcement Division – Central Coast Investigator

- Walt Thomason, Enforcement Representative II

Agency Decision

Approve until 60 days after Permanent Intermittent employee is hired or 6/30/13, whichever comes first.

Licensing Division – Criminal Background Unit/Peace Officer Experience

- Jerry Smith, Associate Governmental Program Analyst

Agency Decision

Approve until 60 days after Permanent Intermittent employee is hired or 6/30/13, whichever comes first.

Licensing Division – Licensing Information Center/Peak Hours Assistance

- Brad Boemecke, Program Technician II
- Nancy Ninkuhn, Program Technician II

Agency Decision

Approve until 60 days after Permanent Intermittent employee is hired or 6/30/13, whichever comes first.

**Public Affairs Office – Temporary Information Officer**

- Candis Cohen, Information Officer I/Specialist

Agency Decision

Approve until 60 days after Permanent Intermittent employee is hired or 6/30/13, whichever comes first.

Without these RAs, CSLB would have lost hundreds of years of knowledge and experience, even if permanent or permanent intermittent employees replaced them. Plus, RAs are less expensive, can be terminated at will, and generally have unique experience that is critical for CSLB operations. CSLB is grateful for SCSA support for our RAs.

Student Assistants (SAs)

CSLB has utilized SAs for years in different parts of the organization. Some of the most important are in the Licensing division.

The Licensing division utilized 13 SAs in three main areas:

1. New Application Process;
2. License Maintenance; and
3. License Information.

The SA positions are in a learning capacity, performing support, research, and technical duties. CSLB believes the use of SAs is mission critical as they have assisted in nearly eliminating backlogs in the transaction units, reducing the wait times in the call center unit and front counter, and providing support services to the application units, freeing up the time of permanent technicians to process applications in a timely manner.

As a result of recent employee contract negotiations, CSLB's Licensing division lost all SAs, effective August 30, 2012. To replace them, CSLB is in the process of hiring seasonal employees. It is hoped that some of CSLB's SAs will qualify and be able to return as seasonal employees.

Personal Services Contracts

In Executive Order B-3-11 (issued February 15, 2011), item 4 states: "State agencies and departments are prohibited from initiating or increasing personal services contracts to compensate for the effects of these hiring restrictions."

The Executive Order does not take into account whether a state agency, like CSLB, has no employee(s) who are qualified to do the work or is unable to hire anyone with the necessary qualifications to do the work. Theoretically, if a state employee anywhere in the state *could* do the work, an agency still would probably not be allowed to contract for those services.

The inability to execute personal services contracts on top of the latest combination of staff cutbacks could be very detrimental for major Information Technology (IT) projects throughout state government, even leading to a breakdown or crash of a major IT system.

For DCA, this could put the multi-million dollar BreEZe project in jeopardy. For CSLB, this order could affect a broad range of tasks, including strategic planning consultation, equipment maintenance, security services, and mail delivery.

AGENDA ITEM I-3

Budget Update





CONTRACTORS STATE LICENSE BOARD

BUDGET UPDATE

Fiscal Year 2011-12 CSLB Budget and Expenditures

- Through the end of Fiscal Year (FY) 2011-12 (June 30, 2012), CSLB spent or encumbered \$53.5 million, roughly 92% of its FY 2011-12 final budget. The following chart provides a summary of the final CSLB budget, along with the final FY 2011-12 expenditures.

EXPENDITURE	FY 2011-12 FINAL BUDGET	FY 2011-12 FINAL EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	21,926,048	19,178,749	2,747,299	12.5%
Board Members	15,900	-	15,900	100.0%
Temp Help	12,100	1,090,829	(1,078,729)	-8915.1%
Exam Proctor	41,168	148,525	(107,357)	-260.8%
Overtime	6,575	92,092	(85,517)	-1300.6%
Staff Benefits	8,684,602	8,182,806	501,796	5.8%
Salary Savings	(1,228,071)		(1,228,071)	
TOTALS, PERSONNEL	29,458,322	28,693,001	765,321	2.6%
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	20,420,088	19,740,674	679,414	3.3%
Exams	435,882	357,658	78,224	17.9%
Enforcement	8,279,124	5,155,808	3,123,316	37.7%
TOTALS, OE&E	29,135,094	25,254,140	3,880,954	13.3%
TOTALS	58,593,416	53,947,141	4,646,275	7.9%
Scheduled Reimbursement	(353,000)	(194,419)	(158,581)	
Unscheduled Reimbursement		(158,581)	158,581	
TOTALS, NET REIMBURSEMENTS	58,240,416	53,594,141	4,646,275	8.0%

Revenue

- CSLB received the following revenue amounts for FY 2011-12:

Revenue Category	FY 2011-12 Final	Percent of Revenue	Change from Prior Year (June 30, 2011)
Duplicate License/Wall Certificate Fees	\$ 121,183	0.2%	3.5%
New License and Application Fees	\$ 10,333,214	18.8%	5.0%
License and Registration Renewal Fees	\$ 40,071,720	73.0%	13.8%
Delinquent Renewal Fees	\$ 2,495,480	4.5%	12.5%
Interest	\$ 831,259	1.5%	2.2%
Penalty Assessments	\$ 929,509	1.7%	16.5%
Misc. Revenue	\$ 135,008	0.2%	-18.9%
Total	\$ 54,917,373	100.00%	13.4%

Note: Increases in revenue reflects approved fee increases effective July 1, 2011, as authorized by Business & Professions Code section 7008.

**FY 2012-13 CSLB Preliminary Budget**

- The following table identifies the preliminary FY 2012-13 CSLB budget included in the 2012 Budget Bill (Assembly Bill 1464, Chapter 21, Statutes of 2012).

EXPENDITURE DESCRIPTION	FY 2012-13 Approved Preliminary Budget
PERSONNEL SERVICES	
Salary & Wages (Staff)	21,708,381
Board Members	15,900
Temp Help	812,100
Exam Proctor	41,168
Overtime	124,575
Staff Benefits	8,593,310
Salary Savings	0
TOTALS, PERSONNEL	31,295,434
OPERATING EXPENSE & EQUIPMENT	
Operating Expenses	19,779,384
Exams	435,882
Enforcement	8,296,300
TOTALS, OE&E	28,511,566
TOTAL EXPENSE	59,807,000
Scheduled Reimbursement	-353,000
Unscheduled Reimbursement	
NET APPROPRIATION	59,454,000

**Fund Condition**

- Below is the fund condition for the Contractor's License Fund, which shows the final FY 2011-12 reserves (over \$25 million, approximately five months' reserve) and the projected reversion amounts for FY 2012-13 through FY 2013-14.

CSLB Fund Condition	Final FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14	Proj. FY 2014-15
Beginning Balance	\$14,859	\$25,932	\$21,321	\$14,042
Prior Year Adjustment	\$0	\$0	\$0	\$0
Adjusted Beginning Balance	\$14,859	\$25,932	\$21,321	\$14,042
Revenues and Transfers				
Revenue	\$54,917	\$55,014	\$53,364	\$56,000
Transfer from GF	\$10,000			
Totals, Resources	\$79,776	\$80,946	\$74,685	\$70,042
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$53,594	\$59,454	\$60,643	\$61,856
State Controller (State Operations)	\$64	\$57		
Financial Info System Charges	\$186	\$114		
Total Disbursements	\$53,844	\$59,625	\$60,643	\$61,856
Fund Balance				
Reserve for economic uncertainties	\$25,932	\$21,321	\$14,042	\$8,186
Months in Reserve	5	4	3	2

Notes:

- 1) Assumes 1.2% interest. All dollars in thousands.
- 2) Assumes appropriation growth of 2% per year for FY 2013-14.
- 3) FY 2012-13 revenue projections based on August 2012 Workload & Revenue statistical projections.
- 4) License renewal revenue (averaging 75% of total revenue) peaks every other FY directly affecting total revenue.



Construction Management Education Account (CMEA) Final FY 2011-12 Expenditures

- Through the end of FY 2011-12, CMEA expended a total \$120,645 in grant awards. This table provides a summary of the final expenditures for FY 2011-12:

EXPENDITURE DESCRIPTION	FINAL FY 2011-12 BUDGET	FINAL FY 2011-12 EXPENSES	BALANCE	% OF BUDGET REMAINING
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	14,331	0	14,331	
Pro Rata	13,669	13,179	490	3.6%
TOTALS, OE&E	28,000	13,179	14,821	52.9%
GRANT AWARDS				
Grant Awards	150,000	120,645	29,355	19.6%
TOTALS, GRANT AWARDS	150,000	120,645	29,355	19.6%
TOTALS	178,000	133,824	44,176	24.8%

CMEA Fund Condition

- Below is the fund condition for CMEA, which shows the preliminary final FY 2011-12 reserve (\$261,000, over 23 months' reserve), along with the projected reversion amounts for FY 2012-13 through FY 2013-14.

CMEA FUND CONDITION	Final FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14	Proj. FY 2014-15
Beginning Balance	\$338	\$261	\$185	\$114
Prior Year Adjustment	\$0	\$0	\$0	\$0
Adjusted Beginning Balance	\$338	\$261	\$185	\$114
Revenues and Transfers				
Revenue	\$57	\$58	\$63	\$63
Totals, Resources	\$395	\$319	\$248	\$177
Expenditures				
Disbursements:				
Grants	\$121	\$121	\$121	\$121
State Operations	\$13	\$13	\$13	\$13
Total Disbursements	\$134	\$134	\$134	\$134
Fund Balance				
Reserve for economic uncertainties	\$261	\$185	\$114	\$43
Months in Reserve	23.4	16.6	10.2	3.9

Note: Assumes 1.2% interest. All dollars in thousands

AGENDA ITEM I-4

Update on BreEZe



AGENDA ITEM J

Review of Tentative Schedule

The following is a list of Board meetings scheduled for 2012-2013:

December 11	Norwalk
February 26.....	Bay Area
April 23-24	San Diego
June 11	Orange County



AGENDA ITEM K

Adjournment

